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ABSTRACT

Case studies of the shift of social services from federal to state governments have been conducted in 13 states. The focus of this report is on income support and social services in New York in 1996. Basic income support programs, programs designed to lessen the dependence of families on government-funded income support, and the last-resort safety net of programs are described, with a focus on the baseline conditions of cash assistance and social services. Among the programs designed to lessen family dependence on government support are education and training programs. When site visits were conducted for the case study, New York had some 70 employment and training programs administered by 15 government agencies. The New York Department of Labor (DOL) administers the Job Training Partnership Act, which provides services to disadvantaged adults and youth and displaced workers, and state welfare-to-work programs. The DOL also administers the state's employment service and, through its Community Services Division, it administers school-to-work programs, employer services, and other workforce development initiatives. The New York Department of Education also operates some programs in conjunction with welfare-to-work efforts, including vocational programs in community colleges. Other departments administered various employment and training programs targeting specific populations, such as programs for substance abusers. New York is working toward transforming its employment and training system into an integrated statewide Workforce Development System, with a final report on planners' recommendations planned for fall 1997. Efforts in this direction reflect the three themes common to all New York social services: a strong safety net for low-income residents, the important role of local governments, and tensions between New York City and the rest of the state. (Contains 3 tables and 96 end notes.) (SLD)

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Income Support and Social Services for Low-Income People in New York

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The Urban Institute

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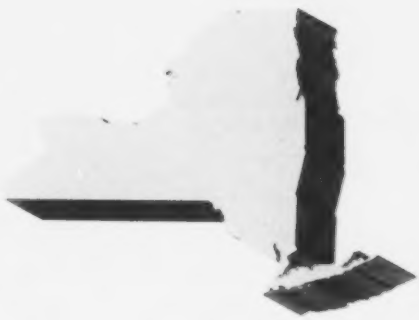

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State Reports

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An Urban Institute Program to Assess Changing Social Policies

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This report is part of the Urban Institute's *Assessing the New Federalism* project, a multi-year effort to monitor and assess the devolution of social programs from the federal to the state and local levels. Alan Weil is the project director. The project analyzes changes in income support, social services, and health programs and their effects. In collaboration with Child Trends, the project studies child and family well-being.

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In addition to the authors, several Urban Institute staff also contributed to this report: Keith Watson, Mary Kopczynski, and Jerome Gallagher provided valuable research support; Freya Sonenstein and Sheila Zedlewski made many substantive and editorial contributions; and core staff of *Assessing the New Federalism* helped move the report along to its final form.

About the Series

Assessing the New Federalism is a multi-year Urban Institute project designed to analyze the devolution of responsibility for social programs from the federal government to the states for health care, income security, employment and training programs, and social services. Researchers monitor program changes and fiscal developments. In collaboration with Child Trends, the project studies changes in family well-being. The project aims to provide timely, nonpartisan information to inform public debate and to help state and local decisionmakers carry out their new responsibilities more effectively.

Key components of the project include a household survey, studies of policies in 13 states, and a database with information on all states and the District of Columbia, available at the Urban Institute's Web site. This paper is one in a series of reports on the case studies conducted in the 13 states, home to half of the nation's population. The 13 states are Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin. Two case studies were conducted in each state, one focusing on income support and social services, including employment and training programs, and the other on health programs. These 26 reports describe the policies and programs in place in the base year of this project, 1996. A second set of case studies will be conducted to examine how states reshape programs and policies in response to increased freedom to design social welfare and health programs to fit the needs of their low-income populations.

The income support and social services studies look at three broad areas. Basic income support for low-income families, which includes cash and near-cash programs such as Aid to Families with Dependent Children and Food Stamps, is one. The second area includes programs designed to lessen the

dependence of families on government-funded income support, such as education and training programs, child care, and child support enforcement. Finally, the reports describe what might be called the last-resort safety net, which includes child welfare, homeless programs, and other emergency services.

The health reports describe the entire context of health care provision for the low-income population. They cover Medicaid and similar programs, state policies regarding insurance, and the role of public hospitals and public health programs.

In a study of the effects of shifting responsibilities from the federal to state governments, one must start with an understanding of where states stand. States have made highly varied decisions about how to structure their programs. In addition, each state is working within its own context of private-sector choices and political attitudes toward the role of government. Future components of *Assessing the New Federalism* will include studies of the variation in policy choices made by different states.

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Highlights of the Report

This report focuses on the baseline conditions of cash assistance and social services in New York, as the state embarked on the new welfare reforms associated with the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (also known as PRWORA)—in particular, replacement of Aid to Families with Dependent Children (AFDC) with Temporary Assistance for Needy Families (TANF).

State Overview

With just over 18 million inhabitants in 1995, New York is the third most populous state in the nation. New York's population has been growing at a slower rate than that of the nation as a whole, increasing by less than 1 percent between 1990 and 1995. New Yorkers are more likely to live in urban areas than residents of many other states. Only 22 percent of New York's population lives in rural areas (compared with 36 percent nationwide). About 40 percent of the state's population lives in New York City, the most populous city in the United States, with a 1994 population of 7.3 million. New York's population is more racially and ethnically diverse than that of the nation as a whole, with higher percentages of non-Hispanic black residents (15 percent versus 13 percent nationwide), Hispanic residents (13 percent versus 11 percent), and noncitizen immigrant residents (12 percent versus 6 percent). In this last category, New York ranks second among the 50 states with 2.2 million noncitizen immigrant residents in 1996. New York's economy has grown moderately but more slowly than that of the nation as a whole. However, the state's residents have higher-than-average incomes; per capita income in 1995 was almost $28,000, compared with $23,000 nationwide. While New Yorkers are better off on aver-

age, a higher percentage of children in New York live below the poverty level compared with the United States as a whole (25 percent versus 22 percent).

Historically, New York is a liberal and progressive state and has remained so under current Governor George Pataki, a Republican. Governor Pataki won the election with proposals for streamlining government, constraining government spending (including reducing welfare and health care costs), and enacting a three-year phased-in tax cut. Although he has signed the tax cut into law and has slowed year-to-year budget growth, many of his proposals to reduce spending have not been adopted, partly because of the power and composition of the New York State Legislature. The Senate tends to represent upstate rural and suburban New Yorkers and is heavily Republican, while the Assembly is more representative of low-income populations and urban areas, particularly New York City, and is heavily Democratic. The governor, Senate, and Assembly must reach consensus to enact each year's budget and often come to agreement only after protracted negotiations that may continue several months beyond the beginning of the budget year. The distribution of political power in New York affects the nature of state budget agreements and makes any major expansion or contraction of social legislation unlikely. Many of the governor's proposals that would have dramatically affected recipients of AFDC/TANF were not enacted because of opposition by the legislature.

There are long-standing tensions between New York City and the rest of the state. The city feels that the state treats it poorly in most resource allocation decisions and that it contributes much more to the state treasury than it receives. The view from upstate New York is that the city is a major beneficiary of the distribution of state resources because of its large low-income population.

Setting the Social Policy Context

New York is obligated by Article XVII of the state constitution to care for its needy population and thus has a long history as a progressive and liberal state, consistently ranking among the most generous in providing services to low-income residents. New York spends more on Medicaid than any other state and more on AFDC benefits than any state except California. It has also implemented several state and locally funded programs to serve low-income residents. New York is one of 33 states with General Assistance programs and was one of just seven states to have a state Earned Income Tax Credit (EITC) program in 1996. New York also serves low-income children via the State Low-Income Day Care program and the State Prekindergarten program, which, by the 2001–02 school year, will be available to all eligible four-year-olds. Child Health Plus (an insurance subsidy program for low-income children) provides free health insurance to children in families with incomes at or below 120 percent of the poverty threshold and is entirely state financed.

Under Governor Pataki and New York City Mayor Rudolph Giuliani, New York has modified its income support programs, although, compared with other

states, its programs are still among the most generous. Welfare-to-work programs in New York have intensified their focus on work and work-related activities and deemphasized education and training. Local social services districts, most notably New York City, have increasingly used workfare for AFDC/TANF recipients. The state has also strengthened fraud detection and eligibility verification procedures to better target programs to those truly in need. It has greatly increased its child support enforcement efforts, particularly with regard to the establishment of paternity and support orders.

Governor Pataki's agenda for low-income families emphasizes the role of local governments. Citing the need for local flexibility, he has made several attempts to devolve program responsibility to the 58 social services districts by establishing block grants for the distribution of program funds. He established the Family and Children's Services Block Grant for child welfare funds in 1995 and the Child Care Block Grant in 1997, but attempts to create block grants for welfare programs operating in local districts in 1996 and 1997 were defeated by the legislature.

State spending on public welfare programs has decreased somewhat since state fiscal year (FY) 1994 (down from 9.6 percent of total state spending in FY 1994 to 8.6 percent in FY 1997). Governor Pataki has made it clear that social services are not a top budget priority for him. In each of his executive budgets, Governor Pataki has proposed ways to reduce spending on welfare and Medicaid, but many of those proposals, including reducing welfare benefit levels, have not passed the legislature.

Basic Income Support

In early 1997 (before the passage of New York's Welfare Reform Act of 1977), the major income support programs in New York state were AFDC; General Assistance, or Home Relief (HR); the state's AFDC waiver demonstration project—the Child Assistance Program (CAP)—operating in 14 counties; Supplemental Security Income (SSI); the state Earned Income Tax Credit; and food stamps.

New York has one of the most generous AFDC benefit levels in the nation. In 1995, the average monthly benefit per family was $555 (versus $381 nationally), the fourth-highest average among the states. Unlike many states, New York's nonfederal share of AFDC costs is divided equally between the state and its localities; consequently, policies and practices regarding the welfare population are a key issue for county governments because of the local fiscal impact.

New York's HR program is the largest in the country relative to need (11 percent of those living in poverty are assisted), and the number of recipients served each month is the highest in the nation (1.8 percent of all persons in the state). New York is one of only 12 states that provide cash assistance to *all* categories

of financially needy families and individuals who are otherwise ineligible for federally funded cash assistance programs. Annual HR expenditures, which are divided equally between the state and local county governments, totaled more than $1.1 billion in 1995, the most spent for any General Assistance program in the nation.

New York has the second-highest AFDC caseload in the nation, with an average 456,900 families per month collecting benefits in 1995. After several years of consistent growth, the caseload began decreasing—from 1,266,350 in January 1995 to 1,037,712 by May 1997, a decline of 18 percent. There has also been a significant drop in the size of the HR caseload: From January through August 1996, the number of recipients per month averaged 281,078, a 21 percent drop from the 357,227 who collected HR benefits during the same period in the previous year. Interviewees offered a number of explanations for the drop in both AFDC and HR caseloads, including the improving economy, lower unemployment, increased emphasis on program eligibility verification and fraud detection, efforts to promote work at the time of application for benefits (dubbed "front-door" activities), and increased use of workfare assignments.

Although New York did not have a statewide welfare reform program in place in early 1997, it had embarked on some reform activity in the years before passage of federal welfare reform in 1996. Although many of Governor Pataki's proposals for welfare reform were defeated (most notably those that would have cut benefit levels and shifted HR funding to block grants), some were enacted in 1995. They focused primarily on strengthening requirements for work and work-related activities and on stepping up efforts to prevent fraud and verify eligibility. These legislative changes opened the door for the current extensive use of workfare assignments in New York City's welfare reform initiative, New York City Work, Accountability and You (NYC Way), and for the widespread implementation of front-door procedures designed to promote work and work-related activities in local offices throughout the state.

New York has operated the Child Assistance Program under a waiver of federal AFDC and food stamp regulations. The CAP waiver, approved in April 1989 for 7 pilot counties, expanded in April 1994 to 14 counties, and extended until 1999, is an alternative to the traditional AFDC model and emphasizes that the contributions of both parents are key to achieving financial self-sufficiency. Participants are AFDC families in which there is a single, custodial parent; at least one child; and a court order for child support from the noncustodial parent.

Programs That Promote Financial Independence

To promote family self-sufficiency, income support programs need to be supplemented with employment and training, subsidized child care, child support collection efforts, and health insurance coverage.

Employment and Training

At the time of the site visits, New York's employment and training system had some 70 programs administered by 15 government agencies. While there have been some efforts to coordinate and colocate employment and training programs at one-stop or community service centers, these centers typically include only a subset of the employment and training services available in the state, rather than an integrated and seamless service delivery system for all 70 programs.

Welfare-to-work programs were previously administered by the New York state Department of Social Services (DSS). DSS staff for these programs began moving to the Department of Labor (DOL) in December 1995, and the move was mostly complete by January 1997. The move was sparked by the governor's desire to focus public assistance programs on employment. On the local level, DSS offices in 58 social services districts provide employment and training services for public assistance recipients. These local agencies coordinate services to public assistance recipients across different employment and training programs. These agencies have a great deal of flexibility in deciding priorities for different target groups, and they may choose to provide services directly or to contract them out. Consequently, there is a great deal of variation in service provision and organizational structures among the 58 jurisdictions.

The Job Training Partnership Act (JTPA) program is also an important source of employment and training services for welfare recipients. Local JTPA services are provided by 33 Service Delivery Areas (SDAs). All welfare-to-work programs in the state have shifted their focus from training and education to work. The shift received a big push from passage in June 1995 of the state welfare reform law, with its requirement that social services districts assign all employable HR recipients to workfare.

At the time of the site visits, New York was in the planning and development stages of an effort to transform the employment and training system into an integrated statewide Workforce Development System. It is envisioned that the new system would include economic development, employment and training, education, employers, organized labor, and social services and would serve all job-seeking and employer customers. At the time of the study, planners envisioned a State Workforce Development Board that would serve a broad policy-setting function and have a system of Local Workforce Development Boards that would both set and implement policy.

Child Care

As in many states, child care was an important issue at the time of the site visits to New York because of the anticipated increase in demand for care associated with welfare reform. Prior to passage of the state's welfare reform bill in August 1997, there were seven primary child care assistance programs for public assistance recipients and low-income working families in New York: Title IV-A subsidies for employed AFDC recipients, Title IV-A Job Opportunities and Basic Skills (JOBS) child care, Title IV-A Transitional Child Care, Social

Services Block Grant (Title XX), Title IV-A At-Risk Child Care, Child Care and Development Block Grant, and New York State Low-Income Day Care. An eighth program, Title IV-A Emergency Assistance, provided temporary child care assistance (up to 30 days in a 12-month period) in emergency situations and did not require that a family be working or receiving AFDC. As with other AFDC-related costs, counties were required to split the state's nonfederal share of costs for the Title IV-A Employed AFDC, JOBS, Transitional, and Emergency Assistance child care programs with the state, so that counties pay 25 percent of the total cost. Subsidies provided to HR participants under the Employed AFDC and JOBS programs were split between the state and the county, since those recipients were not covered by federal funds. To provide counties with flexibility, the state set high income eligibility criteria for nonentitlement child care programs (Social Services Block Grant, State Low-Income Day Care, Title IV-A At-Risk, and Child Care and Development Block Grant)—200 percent of the State Income Standard or higher. Because funds allocated to these programs were not sufficient to provide subsidies to all eligible families, districts had to prioritize who among the eligible population would be served.

At the time of the site visits, the Early Childhood Services Bureau in the DSS administered all child care funding streams except for Social Services Block Grant funds, which were administered by local social services districts. The Early Childhood Services Bureau licensed child care providers and established regulations for child care programs. The service delivery mechanism for child care subsidies at the local level was determined by the social services districts and, therefore, varied across jurisdictions. In New York City, the public assistance–related child care programs (Employed AFDC, JOBS, and Transitional Child Care) were typically administered by the Office of Employment Services in the Human Resources Administration. All other programs were administered by the Agency for Child Development in the Administration for Children's Services, which also was a Head Start grantee.

At the time of this study, the primary early childhood education programs in New York were the state prekindergarten program and Head Start. The New York State Prekindergarten program (known as "state pre-K") was established as an experimental program by the state legislature in 1996. Targeted toward economically disadvantaged three- and four-year-olds, the program provided developmentally appropriate education as well as health and social services.

Child Support

New York's child support enforcement system handles 1.3 million cases, half of which are in New York City. About half of the state's cases involve clients who are not receiving public assistance, and this proportion has been increasing. Child support enforcement is overseen by the state but administered through the 58 local social services districts. Although the program is heavily governed by federal law, there is much variation in the performance of local enforcement efforts and in the priority placed on these efforts by local-level commissioners.

Several new child support initiatives, prompted by the Pataki administration's emphasis on personal responsibility, have facilitated the state's enforcement efforts. In each of his annual budget proposals, the governor has attempted to build on many of these new provisions by promoting administrative as opposed to judicial processes for carrying out child support enforcement activities and by strengthening the tools the state needs to increase rates of paternity establishment, support order establishment, and child support collections. In addition, New York has moved quickly to bring state laws into compliance with the child support provisions of PRWORA.

New York has improved its child support enforcement performance in several areas. The total number of support orders established in 1996 was up by 12 percent from 1995 totals, and dollar collections were up by 13 percent. The increase in the total number of paternities established in 1996 was even greater: up 21 percent from 1995 levels.

Medicaid and Other Health Insurance

Compared with most other states, New York provides generous health care coverage for its low-income residents. The state has by far the largest Medicaid program in the country, with total expenditures of more than $24 billion in 1995 (some 40 percent more than is spent by the next-highest-spending state). Medicaid is the largest single item in the state budget, and spending for this program grew faster from 1990 to 1995 than all other expenditure areas in the budget. The state spends more per Medicaid beneficiary than any other state, largely because of its broad benefit package, full-cost reimbursement to hospitals, high payment rates for nursing homes, and extensive coverage for personal care services. These high expenditures are partially the result of the state's effort to obtain matching federal dollars by shifting services into Medicaid that were once funded solely by the state. New York's Medicaid coverage of low-income populations (defined as those below 150 percent of the federal poverty level) is among the most extensive in the country; only four states cover a higher percentage of their low-income populations. More than 3.3 million New Yorkers were enrolled in Medicaid in 1995, although enrollment growth has slowed in recent years. While enrollment grew by 4.4 percent between 1992 and 1995, the growth rate fell to only 1.0 percent in 1995, concurrent with the decline in AFDC/TANF caseloads.

New York also provides Medicaid benefits to recipients of its state General Assistance program, Home Relief. In 1995, total spending on medical services for this population of approximately 338,000 persons was $1.6 billion. In addition, the state has established a health insurance subsidy program called Child Health Plus for children of families who have incomes up to 222 percent of the federal poverty level but who are ineligible for Medicaid.

Teen Pregnancy Prevention

At the time of the site visits, the state DSS sponsored two teen pregnancy prevention programs. The Adolescent Pregnancy Prevention and Services

(APPS) program was created in 1984 and is targeted to high-risk communities, as indicated by the pregnancy rate, infant mortality rate, juvenile delinquency rate, poverty rate, and high school dropout rate. APPS programs were originally funded in 24 communities but had expanded to 29 localities by 1995. Between July 1, 1994, and June 30, 1995, some 16,000 adolescents were served. Program data indicate that APPS is having an impact—the pregnancy rate among participants tends to be about 2 percent, compared with 6.4 percent upstate and 14.5 percent in New York City.

The second program, created under the Teenage Services Act (TASA) and funded through Title IV-A and Medicaid, extends case management services to pregnant and parenting teens receiving AFDC or Medicaid. Erie County's TASA program, the Young Parent Program, provides pregnant and parenting teens ages 13 to 20 with case management services from social welfare examiners to address their financial situation; employment counselors help them obtain education, training, and/or employment; and caseworkers help them access other services, such as counseling, family planning, and home management.

Last-Resort Safety Net Programs

Welfare reform program changes may motivate and help some families to find jobs and attain financial independence, but it is also important to recognize that some new rules could make matters worse for certain families. Child welfare and emergency services are part of the state's last-resort safety net for families facing internal strife or the loss of basic requirements such as food and shelter.

Child Welfare

New York is one of 12 states with a state-supervised, county-administered child welfare system. The state administers a statewide hotline that takes all reports of child abuse or neglect. Hotline staff determines which reports warrant further investigation and forwards such cases to district child welfare offices, but beyond this initial screening of incoming reports, the state's role in child welfare is limited to financing and administrative oversight and guidance. Local child welfare offices have considerable discretion in determining which families to serve and how to serve them. Roughly three-quarters of reports of child abuse or neglect are handled by the New York City's Child Welfare Administration. The city accounts for a similarly high percentage of the state's foster care population.

New York's child welfare system is one of the largest in the nation; it investigated more than 211,000 reports of child abuse or neglect in 1995. That same year, more than 53,000 children were in out-of-home care. The state's foster care population stabilized in the 1990s after several years of explosive growth (between 1986 and 1991, the number of children in foster care grew from 27,000 to more than 65,000), but its foster care rate—the number of children in foster care compared with the number of children in the population—remains the third highest in

the nation. While the language of its policy generally favors preventive services, New York, like many other states, has devoted a much larger share of its child welfare dollars to foster care: In state fiscal year 1994, for example, $1.2 billion was spent on foster care, compared with $200 million on preventive services.

In the face of escalating child welfare costs, New York has tried to increase the amount of funds it receives from the federal government (by increasing its use of federal funding streams not targeted for child welfare) while containing state-funded expenditures. Federal support has increased, but state expenditures on child welfare have decreased. In 1992, the state set a cap on the amount that local districts could obtain from the state to cover their foster care costs. Districts claiming reimbursements at a level below the cap could spend the difference on preventive services. The foster care cap was eliminated in 1995, when New York's Social Services law was amended to create the Family and Children's Services Block Grant. This block grant was even more far-reaching than the foster care cap in that it consolidated and limited state reimbursements for a number of local programs serving children and families. The legislation authorizing the block grant was intended to increase social services districts' flexibility in spending state reimbursements, as well as to reduce costs. Specifically, social services districts were given the opportunity to apply managed care principles to the provision of services other than child protection.

In response to criticism that the child welfare system failed to protect six-year-old Elisa Izquierdo, a child who was beaten to death even after her situation had been reported to the Child Welfare Administration several times, Mayor Giuliani created the Administration for Children's Services (ACS) in January 1996. ACS replaced the Child Welfare Administration (which had been part of the city's Human Resources Administration) and was the first freestanding agency in the city's history to report directly to the mayor. Mayor Giuliani stated that ACS "would reverse the city's basic child welfare philosophy, which placed preeminence on holding families together, replacing it with an approach more oriented toward criminal justice and the protection of children."

Emergency Services and Housing

According to the New York State Coalition for Homeless, almost 1 in 10 households on public assistance in the state enters the emergency shelter system in any given year. In all, 140,000 New Yorkers use government-supported shelters annually (86,000 in New York City alone). More than half of these people (75,000) are children or unaccompanied or runaway youth. Between 1992 and 1995, the average number of homeless children in New York City increased by 88.6 percent, and in 1995, their average stay in city shelters was 215 days. In FY 1993, New York spent approximately $1.5 billion from federal, state, and local sources on shelter and other social services for its homeless residents, and the state's share of this total exceeded $800 million.

In New York City, the Department of Homeless Services (DHS) provides emergency shelter and other support services to homeless families and indi-

viduals. Objectives geared toward its main goal (providing emergency shelter to families and individuals with no other housing options) include sheltering an average of 5,740 families and 6,259 individuals per day in temporary housing. To strengthen eligibility requirements for families seeking shelter and to improve its record of placing families in housing alternatives outside the shelter system, DHS planned to increase its eligibility investigation staff to 33 (the actual FY 1996 figure was 55), to develop an implementation plan for the new state eligibility regulations, and to improve the effectiveness of the eligibility investigation process by adding a field investigation component in May 1996.

Implications of Federal Welfare Reform Legislation

With the passage of PRWORA and the state's preparation to implement the new federal welfare reform requirements, the governor again put forth his vision for welfare reform in New York. The state's TANF plan, which was submitted to the federal government on October 16, 1996, was little more than a statement of New York's intent to comply with the new federal welfare reform law. In November 1996, Governor Pataki introduced NY Works, his welfare reform plan that called for a dramatic overhaul of the existing welfare system through a series of comprehensive changes to the structure, financing, and administration of New York's public assistance programs.

New York's Welfare Reform Act of 1997 was signed into law on August 20, 1997. The final compromise agreement effectively softened many of the toughest provisions of the governor's original welfare reform plan while still meeting the requirements of the federal legislation. The benefit reduction proposed by the governor was not passed as part of the Welfare Reform Act of 1997. New York's benefit levels continue to be among the most generous in the nation. Former AFDC/TANF recipients are covered under the new Family Assistance (FA) program, for a lifetime maximum of five years. Home Relief was replaced by the Safety Net Assistance (SNA) program. Under SNA, single adults and childless couples formerly covered under Home Relief receive cash assistance (not vouchers, as the governor had proposed), but only for two years; after that, benefits are in the form of noncash payments for housing and utilities. People who lose FA eligibility after the five years of coverage may continue to receive noncash SNA benefits indefinitely, if otherwise eligible.

The governor's proposal to increase the earnings disregard to 42 percent was included in the final legislation. The new law also officially authorizes the operation of a CAP in any county, with reimbursement for administrative costs at 100 percent in the first year and an annual decline of 10 percent over each of the next five years. Although the final legislation did not include the proposed block grants to counties, there are provisions for local flexibility in program design, and funding is available for pilot programs that will move clients toward self-sufficiency. The new welfare reform legislation continues to reinforce the emphasis on work. All welfare-to-work programs, renamed Public

Assistance Employment Programs, now require able-bodied welfare recipients to work for their benefits.

The new law also included significant changes for the state's child care programs. In response to the creation of block grants for distributing federal child care funds, New York created a state Child Care Block Grant. This block grant consolidates state and federal child care funds, including funds for the State Low-Income Day Care Program, and caps the amount of those reimbursements to localities.

The new law made several changes to New York's child support system to bring the state into compliance with PRWORA, including administrative ordering of genetic testing, strict paternity cooperation standards, and new case registry provisions. Although the federal government discontinued the $50 pass-through provision for TANF recipients, New York is using state funds to maintain a reduced $25 pass-through.

The implications of federal restrictions on immigrants' eligibility for public benefits were a major concern for New York because of the enormous impact these changes would have on the state, which is home to more than 13 percent of the nation's noncitizens. With nearly two million noncitizen residents in 1994, New York ranks second only to California in the size of its immigrant population. Consequently, federal restrictions on immigrant eligibility for benefits and the subsequent decrease in federal funding will have a disproportionate impact on New York—and especially on New York City, where more than 86 percent of the state's noncitizens reside. At the time of the site visits in January and June 1997, interviewees understood that both food stamps and SSI would be denied to legal immigrants under the federal restrictions. As a result, respondents at both the state and local levels expressed concern about the consequences of implementing the immigrant provisions. The cost of providing services to immigrants who would lose eligibility for federal benefits would be a significant burden for both state and local governments and also for the many nonprofit organizations that provide assistance to this population in New York City and throughout the state. The situation was further complicated by New York's constitutional requirement to care for its needy population.

In January 1997, Governor Pataki joined other governors from states with large immigrant populations in calling on Congress to restore welfare benefits to legal immigrants. New York City's Mayor Giuliani also mounted an aggressive national campaign against the immigrant provisions of the welfare reform bill and lobbied Congress to soften the impacts of the law's restrictions.

PRWORA gave states the option of providing TANF and Medicaid to current immigrants (those residing in the United States on August 22, 1996). New York, like most states, opted to continue to provide TANF (now called Family Assistance or FA) and Medicaid benefits to current immigrants with dependent children. Current immigrants without dependent children are eligible for public assistance under the state and locally funded SNA program. However,

under the federal law, new immigrants are barred from receiving TANF or Medicaid assistance for their first five years in the country. Therefore, if a state chooses to provide new immigrants with TANF or Medicaid, it must use its own funds to do so. New York has elected to provide benefits for most new immigrants through SNA. After five years, qualified immigrants can apply for FA unless they have exhausted their five-year time limit by having used five years of SNA. At that point, New York will impose sponsor-deeming: under this arrangement, the income of an immigrant's sponsor is deemed available to the immigrant in determining eligibility for benefits, thus making most ineligible.

Introduction

This report presents the findings of a case study in New York designed to provide a broad picture of the state's social safety net for low-income families with children. The study examined the current goals, policies, practices, organizational structure, funding, and recent changes in a wide variety of programs serving children and their families. It covered (1) baseline conditions and changes in income security programs stemming from state-initiated reforms and (2) the availability of employment and training and child care programs to support low-income families. The review also looked at how other programs such as child welfare and emergency services help the most vulnerable low-income families in the state.

Urban Institute researchers visited Albany in January 1997 to conduct interviews concerning state-level policies and programs. They visited Buffalo (Erie County) in January and New York City in June to develop a picture of local programs and issues. At Mayor Rudolph Giuliani's request, researchers did not interview city employees during the visit. Thus, most of the Albany and Buffalo interviews were with state and local government employees, but almost all of the interviews in New York City were with representatives of the nonprofit community. Researchers were, however, able to speak with line workers for the Aid to Families with Dependent Children (AFDC) program and with several child welfare workers via interviews arranged by their unions.

At the time of our visit to Albany in January 1997, Governor George Pataki had just released the 1997–1998 Executive Budget, which reflected his plan for comprehensive welfare reform in New York. The legislature was just beginning discussions on welfare reform and other budget issues. Although New York's fiscal year (FY) begins on April 1, the governor and key legislative leaders were not able to reach a compromise agreement on the budget until

July 29, 1997. The state's Welfare Reform Act of 1997 was finally signed into law on August 20. This report describes New York's programs and policies prior to implementation of the new law, outlines the changes made, and analyzes the circumstances that shaped the state's response to federal changes in major social programs.

The report begins with a discussion of the characteristics of the state in terms of its population, economic condition, and political environment. The next section describes the state's agenda for serving the needs of low-income families, including spending in this area and a description of the service delivery structure. The three subsequent sections describe the three broad social program areas—support for low-income families, policies for moving families toward financial independence, and programs that provide a safety net for families and children. The last section discusses the direction in which the state plans to move in the coming years as a result of federal welfare reform legislation and the particular challenges that New York faces in providing this support system to low-income families.

New York: A Brief Overview

This chapter provides the context for understanding the social programs described later in the report. At the time of the site visits, policy development in New York was reflective of a conservative fiscal environment, characterized by large income tax cuts and reductions in state spending and by a strong governor who set the state's policy agenda. Although the state's economy was strong, it lagged behind the nation as a whole, as did its population growth. On average, New York households enjoyed relatively high incomes, compared with the rest of the nation, although a greater percentage of the state's children lived in poverty.

The State's Population

New York is the third most populous state in the country. In 1990, it was the second most populous state, a position it lost to Texas in the early 1990s as its population growth slowed: between 1990 and 1995, New York's population grew by less than 1 percent, compared with a 5.6 percent growth rate for the United States as a whole (table 1). New Yorkers are more likely to live in urban areas, compared with residents of many other states. Only 22 percent of New York's population lives in rural areas (36 percent nationwide). About 40 percent of the state's population lives in New York City, which is the most populous city in the United States, with a 1994 population of 7.3 million.[1]

The state's population is more racially and ethnically diverse than that of the nation as a whole. New York has higher percentages of non-Hispanic black

Table 1 *New York State Characteristics, 1995*

	New York	United States
Population Characteristics		
Population (1995)[a] (thousands)	18,173	260,202
Percent under 18 (1995)[a]	26.0%	26.8%
Percent Hispanic (1995)[a]	13.3%	10.7%
Percent Non-Hispanic Black (1995)[a]	15.2%	12.5%
Percent Noncitizen Immigrant (1996)[b]	11.9%	6.4%
Percent Rural (1990)[c]	21.5%	36.4%
Growth (1990–1995)[d]	0.8%	5.6%
Births per 1,000 Women Ages 15–44 (1994)[e]	66.8	66.7
Percent to Unmarried Women (1994)[e]	37.6%	32.6%
Percent to Women under 20 That Were Nonmarital (1994)[e]	86%	76%
Births per 1,000 Women Ages 15–19 (1994)[e]	46	59
State Economic Characteristics		
Per Capita Income (1995)[f]	$27,678	$23,208
Percent Change in Per Capita Income (1990–1995)[f, g]	19.7%	21.2%
Percent Poor (1994)[h]	15.9%	14.3%
Unemployment Rate (1996)[i]	6.2%	5.4%
Employment Rate (1996)[j, i]	57.8%	63.2%
Percent Jobs in Manufacturing (1995)[k]	13.2%	16.0%
Percent Jobs in Service Sector (1995)[k]	27.3%	23.1%
Percent Jobs in Public Sector (1995)[k]	17.2%	14.7%
Family Profile		
Percent Two-Parent Families (1994)[h, l]	33.9%	35.7%
Percent One-Parent Families (1994)[h, m]	15.7%	13.8%
Percent Mothers with Child 12 or under		
Working Full Time (1994)[h, n]	30.9%	38.1%
Working Part Time (1994)[h, o]	14.6%	16.1%
In Two-Parent Families and Working (1994)[h, p]	32.8%	40.3%
In One-Parent Families and Working (1994)[h, p]	12.7%	13.9%
Percent Children below Poverty (1994)[h]	24.6%	21.7%
Median Income of Families with Children (1994)[h]	$36,217	$37,109
Percent Children Uninsured (1995)[a]	8.3%	10.0%
Political		
Governor's Affiliation (1996)[q]	Republican	
Party Control of Senate (1996)[q]	26D-35R	
Party Control of House (1996)[q]	96D-54R	

a. Two-year concatenated March Current Population Survey (CPS) files, 1995 and 1996. These files are edited using the Urban Institute's TRIM2 microsimulation model. Excludes those in families with active military members.

b. Three-year CPS average (March 1996–March 1998) edited by the Urban Institute to correct misreporting of citizenship.

c. U.S. Bureau of the Census, *1990 Census of Population: General Population Characteristics*. Washington, D.C., 1992.

d. U.S. Bureau of the Census, *Statistical Abstract of the United States: 1996* (116th edition). Washington, D.C., 1996. 1995 population as of July 1, 1990 population as of April 1.

e. U.S. National Center for Health Statistics, *Monthly Vital Statistics Report*, Vol. 44, No. 3 and Vol. 44, No. 11.

f. *State Personal Income, 1969–1995*. CD-ROM. Washington, D.C.: Regional Economic Measurement Division (BE-55), Bureau of Economic Analysis, Economics and Statistics Administration, U.S. Department of Commerce, October 1996.

g. Computed using midyear population estimates of the Bureau of the Census.

h. CPS three-year average (March 1994–March 1996, where 1994 is the center year) edited using the Urban Institute's TRIM2 microsimulation model.

i. U.S. Department of Labor, *State and Regional Unemployment, 1996 Annual Averages*, USDL 97-88. Washington, D.C., March 18, 1997.

j. Employment rate is calculated using the civilian noninstitutionalized population 16 years of age and over.

k. U.S. Bureau of Labor Statistics, *1995 Geographic Profile of Employment and Unemployment*.

l. Percent of all families (two or more related persons living in the same household) that include one or more related children and in which the head of the family is nonelderly and married and the spouse is present.

m. Percent of all families (two or more related persons living in the same household) that include one or more related children and in which the head of the family is not married and is nonelderly.

n. Full-time work is defined as working at least 1,750 hours per year (50 weeks × 35 hours per week).

o. Part-time work is defined as working at least 910 hours per year (52 weeks × 17.5 hours per week) and less than 1,750 hours per year (50 weeks × 35 hours per week).

p. Working is defined as working at least 910 hours per year (52 weeks × 17.5 hours per week).

q. National Conference of State Legislatures, *1997 Partisan Composition, May 7 Update*. D indicates Democrat; R indicates Republican.

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residents (15 percent, compared with 13 percent nationwide), Hispanic residents (13 percent, compared with 11 percent), and noncitizen immigrant residents (12 percent versus 6 percent). In this last category, New York ranks second among the 50 states, with 2.2 million noncitizen residents in 1996. New York City's population is more diverse than the state's as a whole: In 1990, 86 percent of the state's noncitizen immigrants resided in the city; 29 percent of the city's population was African American and 24 percent was Hispanic.[2]

The birthrate among teenage women (ages 15 to 19) in New York is below the national average—46 births per 1,000 women in 1994, compared with 59 nationwide. However, the rate in New York City is higher than the state and national averages—approximately 63 births per 1,000 women, compared with 35 for the rest of the state[3] and 59 nationally.

The Economy

In 1992, as national economic indicators began to improve after a recessionary period, New York's economy was still in recession, with the state unemployment rate peaking at 8.9 percent in July of that year. By 1996, the state's unemployment rate had fallen to 6.2 percent (still above the national level of 5.4 percent), and it has continued to decline. The unemployment rate in New York City peaked at 11.8 percent in July 1992, fell to 8.4 percent in July 1995, and rose again to 9.9 percent in July 1997.

Since 1992, New York's economy has grown moderately but more slowly than that of the nation as a whole. Between 1993 and 1995, the number of jobs in New York grew by 1.5 percent, compared with 6 percent nationwide.[4] Growth was greatest in the construction, services, and wholesale and retail sectors. The number of manufacturing jobs fell by almost 4 percent.

Despite this slow growth, the state's residents have higher-than-average incomes. Per capita income in 1995 was almost $28,000 (table 1), compared with about $23,000 nationwide. Per capita income grew by about 20 percent between 1990 and 1995 in the United States and in New York. Accounting for inflation, however, per capita income increased by only 5.5 percent in the United States and 3.7 percent in New York.[5] While New Yorkers are better off *on average*, a higher percentage of children in New York live below the poverty level compared with the United States as a whole—25 percent of New York children versus about 22 percent of children nationally. The comparison is more dramatic for New York City. In 1993, 44 percent of the city's children lived in poverty.[6]

The Political and Budgetary Landscape[7]

Historically, New York is a liberal and progressive state and has remained so under current Governor George Pataki, a Republican. Pataki defeated former

Governor Mario Cuomo with proposals for streamlining government, constraining government spending (including reducing welfare and health care costs), and enacting a three-year, phased-in tax cut. Since taking office, Governor Pataki has signed the three-year tax cut into law and has slowed year-to-year budget growth. Some of his proposals to reduce spending have not been adopted, however, partly because of the power and composition of the New York State Legislature.

The Senate tends to represent upstate rural and suburban New Yorkers and is heavily Republican (35 Republicans to 26 Democrats). The Assembly is more representative of low-income populations and urban areas, particularly New York City, and is heavily Democratic (96 Democrats to 54 Republicans). The governor, Senate, and Assembly must reach consensus to enact each year's budget. The parties come to agreement over the state budget after protracted negotiations that often continue for several months beyond the beginning of the budget year.

The distribution of political power in New York affects the nature of state budget agreements and makes any major expansion or contraction of social legislation unlikely. In the past few years, many of the governor's proposals for welfare reform that would have dramatically affected recipients of AFDC and its replacement—Temporary Assistance for Needy Families (TANF)—(beyond the impacts of the new federal welfare reform law) were opposed by the legislature. However, the legislature did agree to significant changes to the state's General Assistance (GA) program, Home Relief (HR).

There are long-standing tensions between New York City and the rest of the state, which existed even when the state had a Democratic governor and the city a Democratic mayor, and which persist today when both governor and mayor are Republican. The city feels that the state treats it poorly in most resource allocation decisions and that it contributes much more to the state treasury than it receives. This perception applies to the distribution of aid to schools, Home Relief, public health, and other areas. The view from upstate New York is that the city is a major beneficiary of state resources because of its large low-income population.

Setting the Social Policy Context

New York has long devoted substantial resources to programs that serve low-income residents, a trend that will continue under the state's welfare reform agenda. This chapter describes (1) state and local spending on social welfare programs and (2) the organizational structure of these programs, including state-local relationships that support their administration.

New York's Agenda for Serving the Needs of Low-Income Families

New York is obligated by Article XVII of the state constitution to care for its needy population, and thus has a long history as a progressive and liberal state, consistently ranking among the most generous in providing services to low-income residents.[8] New York spends more on Medicaid than does any other state and more on AFDC benefits than any state except California. It ranks fifth in the nation for the percentage of low-income residents covered by state Medicaid. In addition to federally mandated programs, New York has implemented several state and locally funded programs to serve low-income residents. It is one of 33 states with General Assistance programs and one of 12 states that provide GA benefits to all categories of financially needy families and individuals who are ineligible for federally funded cash assistance programs. New York was one of just seven states to have a state Earned Income Tax Credit (EITC) program in 1996. It serves low-income children via the State Low-

Income Day Care program and the State Prekindergarten program, which, by the 2001–02 school year will be available to all eligible four-year-olds. Child Health Plus (an insurance subsidy program for low-income children) provides free health insurance to children in families with incomes at or below 120 percent of the poverty threshold and is entirely state financed.

Under Governor Pataki and New York City Mayor Giuliani, New York has modified its income support programs, although, compared with other states, its programs are still among the most generous. Both Pataki and Giuliani stress personal responsibility and emphasize that welfare should be a temporary rather than long-term solution. Welfare-to-work programs in New York have intensified their focus on work and work-related activities and deemphasized education and training. Legislation enacted in 1995 required local social services districts to assign employable Home Relief recipients to workfare positions. While they are not specifically required to do so by the state, local districts—most notably New York City—have increasingly used workfare for AFDC/TANF recipients. The state has also strengthened fraud detection and eligibility verification procedures to better target programs to those truly in need. It has greatly increased its child support enforcement efforts, particularly with regard to the establishment of paternity and support orders and their collection.

Governor Pataki's agenda for low-income families emphasizes the role of local governments. During his tenure, Pataki has made several attempts to devolve program responsibility to the 58 social services districts by establishing block grants for the distribution of program funds, citing the need for increased local flexibility (see *Innovation and Challenges*). In 1995, he established the Family and Children's Services Block Grant for child welfare funds; in 1997, the Child Care Block Grant was created. Attempts to create block grants for welfare programs operating in local districts in 1996 and 1997 were defeated by the legislature.

Social Welfare Spending and Coverage

New York's public welfare programs include income support, child care, child welfare, welfare to work, teenage pregnancy, youth, domestic violence, child support, and public housing. In state FY 1997, 8.6 percent of total state spending was on these programs (down from 9.6 percent in 1994), and almost 16 percent was spent on Medicaid[9] (this percentage has remained relatively constant). In federal FY 1995, estimated spending per poor family for several program areas was substantially higher in New York than in the United States as a whole (table 2), especially for AFDC, Home Relief, Title IV-A Emergency Assistance, and Medicaid. According to interviewees, Emergency Assistance has been used in New York to fund child care, child welfare services, and emergency services for homeless families, among other things.

Table 2 *Social Welfare Spending for Families with Children in New York State, Fiscal Year 1995 (unless otherwise noted)*

Program	($ in millions) Federal	State/ Local	Total	Spending per Poor Family[a] New York	United States
Income Security					
AFDC Benefits[b]	$1,521.2	$1,521.2	$3,042.4	$1,476	$851
AFDC Administration[b, c]	294.3	293.0	587.2	285	136
General Assistance (Home Relief)[d]	—	1,089	1,089	529	—
SSI for Children[e]	—	—	415.0	201	184
EITC Federal[f]	1,524.4	—	1,524.4	740	1,010
EITC State[g]	—	77.9	77.9	38	—
Food Security					
Food Stamps, households with children[h]	1,391.7	—	1,391.7	675	711
Child Nutrition[i]	659.9	—	659.9	320	344
Education and Training					
JOBS[j]	103.6	71.8	175.4	85	59
JTPA[k]	150.0	—	150.0	73	73
Child Care/Child Development					
AFDC/JOBS and Transitional Child Care[l]	82.3	82.3	164.5	80	61
At-Risk[b]	24.7	24.7	49.5	24	20
Child Care and Development Block Grant[m]	53.1	—	53.1	26	34
Head Start[m]	226.8	—	226.8	110	117
Child Support Enforcement[n]	121.8	61.0	182.8	89	115
IV-A Emergency Assistance[b]	616.3	616.3	1,232.6	598	124
Health					
Medicaid, children only[o]	1,703.6	1,703.6	3,407.2	1,654	984

a. Spending on each item divided by the number of poor persons in families with children. The number of poor was estimated using the average poverty rate for persons in families with children for 1993–1995 (derived from three years of the CPS–Urban Institute TRIM calculations).

b. ACF-231 Line by Line Report, Administration for Children and Families, U.S. Department of Health and Human Services.

c. Figure includes administrative costs for child care (except At-Risk), work programs, automated data processing (ADP), FAMIS (a management information system), fraud control, SAVE, and other state and local expenses. Expenditures for calendar year 1994.

d. C. Uccello, H. McCallum, and L. Gallagher, *State General Assistance Programs 1996*. Washington, D.C.: The Urban Institute, October 1996. Expenditures for calendar year 1995.

e. Urban Institute estimates derived from data published in *Children Receiving SSI* (June 1993, December 1993, June 1995, December 1995), Office of Research, Evaluation, and Statistics, Social Security Administration. Spending is for the calendar year, estimated based on spending in June and December of each year. Includes federal spending and state supplements for states in which the state supplement is federally administered.

f. *Statistics of Income Bulletin* (Spring 1997 and Spring 1995), Internal Revenue Service.

g. Information collected by the Urban Institute from state budget documents. Expenditures for calendar year 1994.

h. Urban Institute tabulations based on Food Stamp Quality Control data and tabulations by Food and Consumer Service, U.S. Department of Agriculture. Includes benefit payments only, not administrative costs. Estimates are derived by multiplying actual benefit spending in each state by the estimated proportion of spending for households with children in each state.

i. *Budget Information for the States*, Budget of the United States Government, Fiscal Year 1997 and Fiscal Year 1995, Office of Management and Budget. Includes federal spending for WIC, school lunches, and school breakfasts, plus federal obligations for the Child and Adult Care Food Program and the Summer Food Service for Children. Federal obligations to states may differ from actual spending.

j. Urban Institute tabulations based on forms FSA-331 and ACF-332, Administration for Children and Families, U.S. Department of Health and Human Services. Total spending (combined federal and state) is average monthly expenditures multiplied by 12. The federal and state shares for 1995 were estimated based on the match rates for various components of JOBS spending for federal obligations in the fiscal year.

k. *Budget Information for the States*, Budget of the United States Government, Fiscal Year 1997 and Fiscal Year 1995, Office of Management and Budget. Includes federal obligations to states for JTPA spending under Title II-A (disadvantaged adults), Title II-B (summer youth), and Title II-C (youth training). Federal obligations to states may differ from actual spending.

(Notes continued on page 22)

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To maximize the impact of state dollars spent on services for low-income families, New York has become adept at making the most of available federal dollars. For example, the legislation creating a block grant for child welfare funds states that "[s]ocial services districts shall conduct eligibility determinations and submit claims for family and children's services in a manner that maximizes the availability of federal reimbursements therefor."[10]

During the first two years of the Pataki administration, general-fund spending overall was lower than it had been the year before he took office, although it was budgeted to increase in FY 1998. State spending on public welfare programs has decreased somewhat since FY 1994. Governor Pataki has made it clear that social services are not a top budget priority for him. In an analysis of the governor's 1997–98 budget, the state budget director noted that "[t]his budget continues to realign the State's spending priorities in a new direction. Annual spending in social services is being restrained in order to increase aid to education, criminal justice, transportation, and other critical areas."[11] In each of his executive budgets, Governor Pataki has proposed ways to reduce spending on welfare and Medicaid, but many of those proposals, including reducing welfare benefit levels, have not passed the legislature.

Organization of Services and Administrative Structure

At the time of the site visits, the primary state-level providers of assistance to low-income families in New York were the Departments of Social Services, Labor, Education, and Health (table 3). The state Department of Social Services (DSS) administered income support programs (AFDC/TANF, Home Relief, and Food Stamps), all federally and state-funded child care programs, child support enforcement, child welfare services, emergency services, and services for immigrants and refugees. These programs were operated locally by designated entities (typically DSS) in the 58 social services districts that represent 57 counties and New York City.[12] Most social services programs in New York City were administered by the Human Resources Administration, with the exception of child welfare services and all child care programs other than the Title IV-A employed AFDC subsidy program (administered by the new Administration for Children's Services) and programs for the homeless (administered by the city's Department of Homeless Services).

The state Department of Labor (DOL) administered welfare-to-work programs, such as Job Opportunities and Basic Skills (JOBS), the Food Stamp Employment and Training program, and the Job Training Partnership Act (JTPA)

Table 2 notes continued

l. ACF-231 Line by Line Report, Administration for Children and Families, U.S. Department of Health and Human Services. Administrative costs are included with AFDC administration.

m. *Budget Information for the States*, Budget of the United States Government, Fiscal Year 1997 and Fiscal Year 1995, Office of Management and Budget. Federal obligations to states may differ from actual spending.

n. Form OCSE-31, Office of Child Support Enforcement, U.S. Department of Health and Human Services.

o. Urban Institute calculations based on data reported on forms HCFA-64 and HCFA-2082, Health Care Financing Administration, U.S. Department of Health and Human Services. Expenditure data are for benefits only and do not include Disproportionate Share Hospital payments, administrative costs, accounting adjustments, or the U.S. Territories.

Table 3 *Organizational Structure of Social Welfare Programs**

Program	State Agency Location	Local Administrative Arrangement
Income Security		
AFDC General Assistance (Home Relief) Food Stamps	Department of Social Services	County Departments of Social Services New York City: Human Resources Administration
Education and Training		
JOBS	Department of Labor	County Departments of Social Services New York City: Human Resources Administration
Summer/Other Youth Other JTPA	Department of Labor	Service Delivery Areas
Child Care/Child Development		
Child Care: IV-A JOBS, At-Risk and TCC, Child Care and Development Block Grant, State Low-Income Day Care Program	Early Childhood Services Bureau, DSS	County Departments of Social Services New York City: Administration of Children's Services, except for Title IV-A child care for employed AFDC recipients, which is administered by the Office of Employment Services in the Human Resources Administration
Head Start	Directly administered by the federal government; Head Start Collaboration Project is housed within the Council on Children and Families	Local Head Start grantees
State Prekindergarten Program	Department of Education	Local school districts
Child Support Enforcement	Office of Child Support and Enforcement, DSS	County Departments of Social Services New York City: Administration for Children's Services
Child Welfare		
Child Protection/FamPres Foster Care Adoption Assistance	Division of Services and Community Development, DSS	County Departments of Social Services New York City: Administration for Children's Services
Emergency Services		
IV-A Emergency Assistance McKinney, other homeless programs	Department of Social Services	County Departments of Social Services New York City: Department of Homeless Services
Immigration/Refugees	Division of Services and Community Development, DSS	Community-based providers New York City: New York City Citizenship Initiative
Health		
Medicaid	Department of Health	Department of Health

*This table reflects the organizational structure at the time of the Urban Institute's site visits. New York's welfare reform law eliminated the state Department of Social Services, replacing it with the Department of Family Assistance (see *Innovations and Challenges*).

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program. Under Governor Pataki's direction, welfare-to-work programs were moved to DOL from DSS in 1996 so that they would have a greater focus on employment. At the local level, however, welfare-to-work programs continued to be administered by local Departments of Social Services (the Human Resources Administration in New York City), and JTPA was administered by Service Delivery Areas (SDAs).

Other important programs for low-income families were administered by different state agencies: The Department of Education (DOE) administered the State Prekindergarten program, which was operated by local school districts. The Department of Health handled Medicaid, a state-administered and operated program. In 1996, responsibilities for Medicaid eligibility and long-term care were transferred from DSS to the Department of Health.

The federal Head Start program was administered directly by the federal government through local grantees. In New York, the Head Start Collaboration Project, a federally funded program operating in all 50 states, sought to "make it easier for Head Start to operate in New York State, to cultivate effective service arrangements at the local level and give Head Start a greater voice in shaping state policies and programs." The project was housed in the New York State Council on Children and Families.[13]

Recent Changes

The organizational structure described above and referred to throughout the report is that which was in place when Urban Institute researchers visited New York in January (Albany and Erie County) and June (New York City) of 1997. However, the passage of New York's welfare reform law in August 1997 changed this structure by replacing the state Department of Social Services with the Department of Family Assistance (DFA). Two autonomous offices—the Office of Children and Family Services and the Office of Temporary and Disability Assistance—constitute the new DFA. Of the programs examined for this report, the Office of Children and Family Services now administers child welfare programs, child care programs, and all programs that had previously been administered by the New York State Division for Youth; the Office of Temporary and Disability Assistance now administers income support programs (AFDC/TANF, which was renamed Family Assistance, and Home Relief, which was renamed Safety Net Assistance), the Food Stamp program, child support, programs for refugees and immigrants, and programs for homeless families. The former commissioner of Social Services is now commissioner of the Office of Temporary and Disability Assistance; the former head of the Division for Youth is now commissioner of the Office of Children and Family Services.

State and Local Responsibilities

County governments play a strong role in the administration of New York's welfare programs. The state sets policy, establishes regulations, and provides oversight and monitoring of local program operations, while the counties

implement and operate the programs. New York counties contribute 25 percent of the cost of the AFDC program—a much higher percentage than counties in most other states—and are given substantial flexibility in operating the program. Counties make many important decisions regarding implementation of these programs; for example, they determine how to enforce participation in welfare-to-work programs. Counties also have an important voice in state legislation (e.g., a 1996 proposal to convert Home Relief payments to a block grant to counties was defeated because of county opposition).

Basic Income Support

At the time of the January 1997 site visit, the income support system and welfare reform in New York were in flux. In response to the passage of federal welfare legislation, Governor Pataki had issued his own plan for statewide welfare reform, called NY Works, on November 13, 1996. The legislature had only begun discussing the program, and interviewees' opinions regarding the likelihood of all or part of the plan passing the legislature were mixed. This section describes the income support system as it existed in New York during early 1997. Welfare reform legislation was passed subsequently and is discussed in *Innovations and Challenges*.

New York's Income Support Programs

In early 1997, the major income support programs in New York state were Aid to Families with Dependent Children; General Assistance, or Home Relief; the state's AFDC waiver demonstration project—the Child Assistance Program (CAP)—operating in 14 counties; Supplemental Security Income (SSI); the state Earned Income Tax Credit; and Food Stamps. Under New York's state supervised, county-administered system, there is little flexibility at the local level in terms of eligibility determination and benefit calculation, but there is often a great deal of variation in operations and service delivery, particularly in the type and focus of JOBS or welfare-to-work programs established by county administrators.

New York has one of the most generous AFDC benefit levels in the nation. In 1995, the average monthly benefit per family was $555 (versus $381 nation-

ally)—the fourth highest average monthly benefit among the states. The average monthly cash income for AFDC families was 51 percent of the poverty level, compared with the U.S. mean of 41.3 percent. Overall, state and local AFDC benefit expenditures totaled more than $1.5 billion in 1995; only California's total AFDC expenditures were higher.[14]

However, the state's benefit levels have not increased since 1990, and, as in other states, there has been a real decline in AFDC grants in recent years (from 110 percent of the poverty level in 1975 to 55 percent in 1995).[15] Unlike many states, New York's nonfederal share of AFDC costs is divided equally between the state and its localities; consequently, policies and practices regarding the welfare population are a key issue for county governments because of the local fiscal impact.

New York's Home Relief program is the largest in the country relative to need (11 percent of those living in poverty are assisted), and the number of recipients served each month is the highest in the nation (1.8 percent of all persons in the state).[16] New York is one of only 12 states that provide cash assistance to *all* categories of financially needy families and individuals who are otherwise ineligible for federally funded cash assistance programs. (Other states restrict aid to selected categories, such as the disabled, elderly, or otherwise "unemployable" adults.) The HR benefit structure is nearly identical to that for AFDC; in 1996, the maximum monthly HR benefits for a family of three and for an individual were $577 and $352, respectively. In 1996, the individual cash benefit as a percentage of the poverty threshold was 55 percent, while the national average for states that provide cash benefits through a GA program was about 40 percent. Annual expenditures for Home Relief, which are divided equally between the state and local county governments, totaled more than $1.1 billion in 1995, the most spent for any General Assistance program in the nation.[17]

New York also provides one of the most generous optional state supplemental payments to recipients in the SSI program for the elderly and disabled. Additionally, New York is one of only seven states with a state Earned Income Tax Credit for low-income working families and one of only four states with a refundable EITC. New York's tax credit is tied directly to the federal EITC and in 1997 equaled 20 percent of the federal calculation.

Caseload Size and Trends

New York, the third most populous state in the nation, has the second highest AFDC caseload, with an average of 456,900 families per month collecting benefits in 1995.[18] After several years of consistent growth, the caseload began decreasing—from 1,266,350 in January 1995 to 1,037,712 by May 1997, a decline of 18 percent. The greatest drop occurred between August 1996 and May 1997, when more than 106,000 left the rolls. There has also been a significant drop in the size of the HR caseload: from January through August 1996, the number of recipients per month averaged 281,078, a 21 percent drop from the

357,227 who collected HR benefits during the same period in the previous year.[19] Interviewees offered a number of explanations for the drop in both AFDC and HR caseloads, such as the improving economy, lower unemployment, increased emphasis on program eligibility verification and fraud detection, efforts to promote work at the time of application for benefits (dubbed "front-door" activities), and increased use of workfare assignments.

Recent Innovations, Changes, and Waivers

Although New York did not have a statewide welfare reform program in place in early 1997, it had embarked on some reform activity before passage of federal welfare reform in 1996. Governor Pataki introduced his own proposals for welfare reform during the 1995 and 1996 legislative sessions. Although many of his proposals were defeated (most notably those that would have cut benefit levels and shifted HR funding to block grants), some were enacted in 1995. The implemented changes focused primarily on strengthening requirements for work and work-related activities and on stepping up efforts to prevent fraud and verify eligibility. Some measures tightened requirements for the HR population only; others had an impact on AFDC clients as well. The provisions that increased the emphasis on work and work-related activities are as follows:

- All employable HR recipients were required to actively seek employment and show proof of having made five employer contacts per week (up from three).
- Local districts were required to assign all employable HR recipients to workfare. Local offices that failed to meet workfare participation rates lost up to 5 percent of their state reimbursement for administrative costs.
- New sanctions for noncompliance with work requirements for employable HR recipients were established: 90 days for the first failure, 150 days for the second failure, and 180 days for the third.
- Local districts that failed to meet federally mandated JOBS participation rates for AFDC bore the full reduction in federal aid that resulted from that shortfall.
- For AFDC recipients, the six-month cap on participation in work experience was eliminated; the maximum allowable duration for job search was increased; and sanctions for those who fail to engage in assigned job search activities were allowed.

These legislative changes opened the door for the current extensive use of workfare assignments in New York City's welfare reform initiative, New York City Work, Accountability and You (NYC Way), and for widespread implementation of front-door procedures designed to promote work and work-related activities in local offices throughout the state.

Efforts to detect and weed out fraud and abuse in the welfare system included implementation of a statewide automated fraud prevention system mandated in 1995 that used finger imaging for applicants and recipients. Designed to screen out "double dippers," the procedure was initially required

only for HR clients but was later expanded to include AFDC applicants and recipients as well. Interviewees believe that finger imaging cut the caseload initially because many clients refused to comply out of concern that information about them would be given to police. Governor Pataki claims that during the program's first year, 25,000 HR and AFDC cases were closed because of failures to comply with finger-imaging requirements.[20] The state legislation also increased penalties for welfare fraud and called for intensified eligibility screening. To this end, New York City instituted a strict eligibility verification review (EVR) component as part of NYC Way. Prior to being approved for benefits, applicants must participate in a separate interview at the Eligibility Verification Center in Brooklyn to document and verify their living situation and available resources, and they must agree to a home visit.

Waivers from Federal Legislation: Jobs First and the Child Assistance Program

New York was granted two waivers of federal AFDC and Food Stamp regulations: Jobs First and the Child Assistance Program. Jobs First sought to divert potential welfare applicants by promoting immediate job search and offering assistance with child support, one-time cash payments, access to JOBS services, and help with child care. The program was approved in October 1994, near the end of Governor Cuomo's administration, but was never implemented statewide because of the change in administration.

CAP was approved in April 1989 for 7 pilot counties and was expanded in April 1994 to 14 counties and extended until 1999. It is the only waiver program currently in operation in the state, and at the time of the site visits, there were no plans to expand it beyond the current 14 locations.

CAP developed as an alternative to the traditional AFDC model. It emphasizes that work and the contributions of both parents are key to achieving financial self-sufficiency. Participants, who volunteer for the program and transfer out of AFDC, are AFDC families in which there is a single, custodial parent; at least one child; and a court order for child support from the noncustodial parent.

Following passage of enabling legislation in 1987, DSS gave all local districts the option of implementing CAP. Local offices were promised a great deal of flexibility in designing and structuring a program that would meet the specific needs of their AFDC population and of the local community. As an additional incentive, the state agreed to pick up the nonfederal share of CAP's administrative costs. Key features of CAP are as follows:

- *Increased Emphasis on Child Support.* Participants must have a court order for child support for at least one child. The CAP benefit formula includes a base amount for each child with an order and a fixed amount for additional children with orders. Children without orders are not covered by CAP benefits.
- *Increased Emphasis on Work.* Participants may keep 90 cents of every dollar earned up to the poverty level and 33 cents per dollar above the poverty

level. CAP participants receive a base grant that is approximately one-third lower than the AFDC grant; therefore, a client with no earnings would receive a smaller CAP grant. AFDC recipients transfer to CAP when their earnings reach the point at which the CAP grant would exceed the AFDC grant.

- *Increased Client Services.* Experienced workers provide intensive case management services to CAP families to help them progress toward self-sufficiency. CAP case managers have smaller-than-normal caseloads (approximately 50 to 75 persons per caseload) and provide a wide array of services, including assistance with child care, transportation, job search, job development, job retention, and child support. Participants also receive cash instead of food stamps.
- *Change in the Culture of the Welfare Office.* CAP offices are separate from local welfare offices, and staffs strive to create a more professional, businesslike atmosphere.

A five-year evaluation of CAP in three counties was issued in November 1996, and the results were quite positive. Although CAP had slightly higher administrative costs, the program produced increased earnings and employment among participants, increased likelihood of receiving child support orders, lower expenditures for public assistance payments, and an overall net savings to the government because public assistance benefit reductions exceeded additional administrative costs.[21]

Programs That Promote Financial Independence

To promote family self-sufficiency, income support programs use an incentive structure and case management along with access to employment and training services, child support enforcement, child care subsidies, and Medicaid. These programs increase the financial resources available to families and facilitate financial independence. New York often contributes funding above the federally required match amounts and expands eligibility beyond what is required.

Employment and Training

This section describes the employment and training system that existed at the time of the site visits to New York, before passage of the state welfare reform bill in August 1997. Significant changes were made to this system after the new welfare reform bill was passed.

New York's employment and training system has some 70 programs administered by 15 government agencies.[22] While there have been some efforts to coordinate and colocate employment and training programs at one-stop or community service centers, these centers typically include only a subset of the employment and training services available in the state, rather than an integrated and seamless service delivery system for all 70 programs.

Service Delivery Structure

New York's system of employment and training has numerous programs. At the state level, the largest programs are administered by the DOL and DOE. DOL administers the Job Training Partnership Act, which provides services to disadvantaged adults and youth and to displaced workers. DOL also administers state-level welfare-to-work programs—including JOBS and the Food Stamps Employment and Training program—which provide services to recipients of AFDC/TANF, Home Relief, or food stamps.

Welfare-to-work programs were previously administered by the Department of Social Services. DSS staff for these programs began moving to DOL in December 1995 and the move was mostly complete by January 1997. The move was sparked by the governor's desire to focus public assistance programs on employment rather than aid. He felt that DOL's excellent relationships with networks of employers could facilitate the shift in emphasis from welfare to work. He also felt that having all programs in one agency would facilitate the creation of an integrated workforce development system.

DOL also administers New York's Employment Service, called NY Job Service, which includes the state's Job Bank. In the early 1990s, DOL began creating Community Service Centers—convenient, one-stop shopping locations for employment-related needs. These centers offer access to all DOL programs, including career-related assistance, training, and unemployment insurance benefits. There are now 81 centers across the state.

Finally, DOL administers school-to-work programs, employer services, veterans' employment and training services, and workforce development and operates unemployment insurance offices, all as part of its Community Services Division.

DOE operates some programs in conjunction with welfare-to-work efforts, such as the Education for Gainful Employment (EDGE) program, which provides classroom training; Bridge, administered in conjunction with the State University of New York; and Comprehensive Employment Opportunity Support Centers, operated with community colleges to add a work component to vocational programs. All of these programs seek to enhance employment skills by combining work experience with classroom activity. DOE oversees the JTPA State Education Coordination and Grants program—an 8 percent JTPA set-aside that enables Service Delivery Areas to provide education services to JTPA recipients. DOE also administers school-to-work and vocational education programs, statewide adult education and literacy programs, and Vocational and Educational Services for Individuals with Disabilities (VESID).

In 1995–96 (before DOL took over all welfare-to-work programs), the funding allocation for employment and training programs was $321 million for DOL, $240 million for DSS, and $383 million for DOE.

Services for Families on Welfare

On the local level, DSS offices in 58 social services districts provide employment and training services for public assistance recipients. These local agencies help coordinate services to public assistance recipients across different employment and training programs. They have a great deal of flexibility in deciding priorities for different target groups, and they may choose to provide services directly or to contract them out. Consequently, there is a great deal of variation in service provision and organizational structures among the 58 jurisdictions.

The JTPA program is also an important source of employment and training services for welfare recipients. Welfare recipients have always constituted a large proportion of the JTPA population: about 50 percent of those served by JTPA IIA (adults) and 34 percent of those served by IIC (youth) in 1996 were on public assistance. Local JTPA services are provided by 33 Service Delivery Areas, each of which is empowered to set target group priorities; select service providers; and recruit, determine eligibility, and assess program participants. Thus, accessing JTPA services for welfare recipients varies greatly from one Service Delivery Area to another.

The organizational connection between welfare-to-work programs and JTPA also varies throughout the state. About one-third of the Service Delivery Areas operate JOBS or receive a large portion of their budget from JOBS funding; in some jurisdictions, the local DSS district administers JTPA. In other areas, the JOBS and JTPA administrative entities have developed worksites together.

All welfare-to-work programs in the state have shifted their focus from training and education to work—a fairly big change in the view of some observers, given New York's long tradition of emphasizing postsecondary training. The shift received a big boost from passage in June 1995 of the state welfare reform law, with its requirement that social services districts assign employable HR recipients to workfare. Initial participation rates for this workfare mandate were set at 50 percent and were scheduled to rise by about 10 percentage points per quarter to a final rate of 95 percent by January 1997.

These reforms gave rise to the front-door focus at welfare offices, which requires potential HR applicants to participate in intensive employment and job search activities before receiving benefits and employable HR recipients to accept workfare slots. The front-door approach and workfare have also begun to be used for AFDC/TANF families.

New York City's comprehensive work program for public assistance recipients, NYC Way, begun in January 1995, is making the most extensive use of workfare for its TANF and HR populations (which constitute a majority of the state's welfare caseload). A June 1997 report from the Task Force for Sensible Welfare Reform (a group of nongovernment policy analysts and persons formerly involved in administering welfare for the city) stated that the city directs more than 70 percent of those required to participate in work activities to work-

fare (or work experience, as it is sometimes called), thus greatly reducing the use of training and education activities.[23] Workfare placements have been mainly in the public sector, such as at parks and sanitation departments; and while the level of skill training and subsequent job placement varies across assignments, there is concern that workfare positions may not be giving participants marketable skills and do not lead to permanent jobs.

Other Targeted Services

New York state has a variety of other employment and training programs targeted to specific populations: community service employment programs for seniors, vocational programs for alcohol and substance abusers, mental health and disability training programs, and special summer youth programs, to name a few. These programs vary in the groups they serve, the services they provide, the degree to which they coordinate with other programs, and the level of funding.

Workforce Development System

New York is working toward transforming its employment and training system into an integrated, statewide Workforce Development System. In the early summer of 1995, the state Department of Labor and the New York Association of Training and Employment Professionals (NYATEP)[24] began discussing the creation of this system; in February 1996 a workgroup made up of state and local government employment and training providers and NYATEP representatives issued a report to the governor on behalf of the commissioner of DOL entitled *Policy Framework for New York's Workforce Development System.*

Using this document as a starting point for discussion, in the fall of 1996, the DOL commissioner, John Sweeney, and the DOE commissioner, Richard Mills, initiated a "collaborative effort to build consensus and support for an integrated, statewide workforce development system."[25] They created five design teams with a diverse membership representing the major stakeholders across the state from economic development, organized labor, education, training, local and regional government, and private-sector businesses.

According to the initial policy framework document and additional planning materials, the system is envisioned as "[a] fully integrated system . . . that provides access to information and services across individual agency lines, marshals all the available workforce development resources in a community to meet this challenge, and holds all stakeholders to common quality standards."[26] The system will include economic development, employment and training, education, and social services as well as employers and organized labor—that is, "any public or private organization providing workforce-related services." It will serve all job seekers and employers, have common definitions and goals, and use technology to create a common database for sharing information. It will ensure common skill outcomes and provide a report card on performance as well as monitor and increase customer satisfaction through continuous customer feedback.

At the time of the study, planners envisioned a state workforce development board that would serve a broad policy-setting function and a system of local workforce development boards that would set and implement policy. The governance design team had recommended that the local board share power with local elected officials and that there be joint accountability. The local board will do outreach and needs assessment as much as set priorities and allocation needs. A final report on the planners' recommendations for implementing the workforce development system was to be submitted to the governor and the legislature in the fall of 1997.

Child Care

As in many states, child care was an important issue at the time of the site visits to New York because of the anticipated increase in demand for care associated with welfare reform. This section describes the service delivery system that existed before passage of New York's welfare reform bill in August 1997. Substantial changes were made to this system in the new welfare reform bill (see *Innovations and Challenges*).

Program Eligibility and Funding

Prior to passage of the state's welfare reform bill, there were seven primary child care assistance programs for public assistance recipients and low-income working families in New York: Title IV-A subsidies for employed AFDC recipients, Title IV-A JOBS child care, Title IV-A Transitional Child Care, Social Services Block Grant (Title XX), Title IV-A At-Risk Child Care, Child Care and Development Block Grant, and New York State Low-Income Day Care. An eighth program, Title IV-A Emergency Assistance, provided temporary child care assistance (up to 30 days in a 12-month period) in emergency situations and did not require that a family be working or receiving AFDC. Eligibility criteria and funding formulas for these programs are presented in table 4. (Note that New York extended the federal employed AFDC, JOBS, and Transitional Child Care programs to Home Relief participants.)

As with other AFDC-related costs, counties were required to split the state match amount for the Title IV-A Employed AFDC, JOBS, Transitional, and Emergency Assistance child care programs with the state, each paying 25 percent of the total. Subsidies provided to Home Relief participants under the Employed AFDC and JOBS programs were split between the state and the county since those recipients were not covered by federal funds. Part of the funding for the 100 percent state-financed Low-Income Day Care program served as the state match for the federal Title IV-A At-Risk program, so counties did not need to contribute to that program.

In New York City, some $174,400 was spent on child care via the eight child care assistance programs in 1994. Federal funds accounted for 75 percent of that

Table 4 *Child Care Assistance Programs in New York State*

Program	Eligibility Requirements	Funding
Title IV-A: Employed AFDC Recipients	Federal: Employed AFDC recipients in need of child care to accept or maintain employment. Child must be younger than 13 years, have special needs, or be under court supervision.	AFDC recipients: 50% federal, 25% state, 25% local
	State: Applies to Home Relief participants as well.	Home Relief recipients: 50% state, 50% local
Title IV-A: JOBS participants	Federal: Recipients of AFDC (not AFDC-U) enrolled in a JOBS activity or approved job training or education program and in need of child care. Child must be younger than 13 years, have special needs, or be under court supervision.	AFDC recipients: 50% federal, 25% state, 25% local
	State: Applies to Home Relief participants as well.	Home Relief recipients 50% state, 50% local
Title IV-A: Transitional Child Care	Federal: Families in need of child care who have received AFDC in three of the last six months but are no longer eligible because of increased income. Child must be younger than 13 years, have special needs or be under court supervision. Child care is guaranteed for 12 consecutive months from the month public assistance was terminated.	AFDC recipients: 50% federal, 25% state, 25% local
	State: Applies to Home Relief participants as well. Caps income at 200 percent of the State Income Standard (SIS).	Home Relief recipients: 50% state, 50% local
Title IV-A: At-Risk	Federal: Employed low-income families at risk of AFDC receipt ("at risk" is defined by states) and in need of child care.	50% federal, 50% state
	State: Family income at or below 200 percent of SIS.	
Title IV-A: Emergency Assistance	Federal: Up to 30 days of child care in a 12-month period to families with children under the age of 21 who need child care to "avoid destitution." There is no financial eligibility test.	50% federal, 25% state, 25% local
	State: The need for child care must be due to a crisis situation threatening the family.	
Social Services Block Grant (Title XX)	Federal: Eligibility is determined by state.	100% federal
	State: Family income at or below 275 percent of SIS for a family of two, 255 percent for a family of three, and 225 percent for a family of four or more, and in need of child care for any of the following reasons: employment, education, training, illness, incapacity, or seeking employment (up to six months).	
Child Care and Development Block Grant	Federal: Families with incomes at or below 75 percent of the state median income who are employed, seeking employment, participating in an approved education or training program, or have a child in need of protective services. Child must be younger than 13 years, have special needs, or be under court supervision. Priority given to very low-income families and children with special needs.	100% federal
	State: Family income at or below 200 percent of SIS.	
New York State Low-Income Day Care	State: Families with incomes at or below 200 percent of SIS who are not receiving public assistance and are employed, seeking employment, or participating in approved education or training. Priority is given to teen parents and families whose eligibility for Transitional Child Care has expired. Child must be younger than 13 years, have special needs, or be under court supervision.	100% state

Source: Appendix B of the *New York City Temporary Task Force on Child Care Funding Final Report*, January 1996.

amount; state funds for 17 percent; and city funds for 8 percent.[27] Observers emphasized New York City's financial commitment to child care, noting that the city devoted much of its portion of the Social Services Block Grant to providing this care. That block grant was passed down to counties from the state for counties to spend as they saw fit. Sixty-four percent of the federal funds spent on child care in New York City in 1994 were Social Services Block Grant funds.

To provide counties with flexibility, the state set high income eligibility criteria for nonentitlement child care programs (Social Services Block Grant, State Low-Income Day Care, Title IV-A At-Risk, and Child Care and Development Block Grant)—200 percent of the State Income Standard (SIS) or higher.[28] Because funds allocated to these programs were not sufficient to provide subsidies to all eligible families, districts had to prioritize who among the eligible population would be served. Some counties maintained waiting lists, although they were not required to. Erie County, one respondent noted, had several hundred families wait-listed, and families with lower incomes received priority in getting off the list. In FY 1997, approximately 16,600 children were on waiting lists for slots in group and family child care settings in New York City; 14,500 children were on a separate list for child care vouchers.[29, 30] City administrators gave priority for subsidies to children receiving protective or preventive child welfare services.[31] Other high-priority groups were public assistance recipients, families who had left public assistance because of employment, and "working poor" families—those who were not receiving public assistance but were eligible for child care assistance under the Child Care Development Block Grant.

Service Delivery

At the time of the site visits, the Early Childhood Services Bureau in the Department of Social Services administered all child care funding streams except for Social Services Block Grant funds, which were administered by local social services districts. The Early Childhood Services Bureau licensed child care providers and established regulations for child care programs.[32] These programs functioned as a single system with the same payment rates, sliding fee schedules (to the extent permissible under applicable statutes and regulations), and mechanisms for selection of and payment to providers. Child care funded by sources other than those administered by the Bureau (e.g., by the child protective system) still had to comply with the Bureau's regulations.

The service delivery mechanism for child care subsidies at the local level was determined by the social services districts and, therefore, varied across jurisdictions. In Erie County, one unit within DSS processed all of the child care subsidy programs discussed here, except for the Employed AFDC program, which was administered by the client's employment counselor. In New York City, the public assistance–related child care programs (Employed AFDC, JOBS, and Transitional Child Care) were typically administered by the Office of Employment Services (OES) in the Human Resources Administration. All other programs were administered by the Agency for Child Development (ACD) in the Administration for Children's Services, which also was a Head Start grantee.

The form of the subsidies varied by district. Because New York placed strong emphasis on parental choice in child care providers, districts could provide child care subsidies as contracted slots in child care centers or family day care homes or as vouchers that parents used to purchase the child care arrangement of their choice. However, subsidies could not be exclusively in the form of contracted slots. In New York City, the type of subsidy also varied by administrative agency. While both ACD and OES clients could access contracted slots or obtain vouchers, the majority of ACD child care subsidies were for contracted slots; OES was much more likely to provide clients with vouchers.[33] The voucher systems of the two agencies were administered separately, with different reporting requirements and different payment rates.[34]

Observers did not view the service delivery systems for child care subsidies as "seamless" in either Erie County or New York City. A problem for Erie County occurred when clients became employed, at which time their case was transferred to an employment counselor, or when they left employment and their case was transferred back to DSS: clients' child care cases sometimes got lost in the process. In New York City, interviewees noted that the seamlessness of the system depended on the administering agency. For example, once clients obtained subsidized child care through the Agency for Child Development, they continued to receive it until they were no longer eligible for any of the agency's subsidy programs. Clients' eligibility was recertified every six months. In contrast, clients who obtained child care assistance through OES were only certified for the specific hours that they were in employment-related activities. If a client discontinued one activity and started another, eligibility for child care assistance had to be reestablished. Observers believed that this requirement made it very difficult for clients to conduct a job search when they were not in their approved activity.

Supply: Adequacy and Quality

Subsidized child care was available from one of three groups: licensed, registered, or unregulated providers. Child care centers and group family day care homes had to be licensed; family day care homes and school-age child care had to be registered with the state or county; and informal care providers were unregulated.[35] Day care centers and group family day care homes were inspected prior to being licensed and each time their license was up for renewal. As part of the registration process, family day care homes were required to conduct a self-assessment, as were providers of care for school-age children. The state annually inspected 20 percent of care providers for school-age children and of family day care homes that would be enrolling school-age children. Informal providers were not monitored. Informal care could not be funded with Social Services Block Grant money or through the State Low-Income Day Care program.

In the two local sites visited for this project, the most regulated providers were in the shortest supply. Observers in Erie County reported that there are very few child care centers in Buffalo, where most of the county's low-income

population resides. Similarly, in New York City the demand for subsidized center care far exceeded supply. In January 1996, almost 7,000 children were waiting for slots in ACD-contracted centers.[36] In contrast, the supply of informal providers was almost infinite because parents with vouchers could choose their friends or relatives as providers.

The use of unregulated providers in New York City differed dramatically between the two administrative agencies. Because ACD had invested heavily in contracts with child care centers and family day care homes, the majority of children receiving subsidized child care through this agency were in regulated care. In contrast, OES funded most of its child care assistance through vouchers, so most of the children receiving OES-subsidized care were in unregulated settings.[37] In the spring of 1995, 83 percent of the children served by ACD were in licensed care (child care centers or group family day care homes) and 83 percent of the children served by OES were in unregulated care.[38] Several observers expressed concern that ACD emphasized quality child care, while OES treated child care as merely a training-related expense.

Observers also were concerned about the quality of care provided by family day care homes. Although these homes must register with the state or county, those that do not care for school-age children are not inspected as part of the registration process, and only 20 percent of those that do provide such care are inspected each year. Thus, some subsidized family day care homes could operate for several years before being inspected.

Relationship to Early Childhood Development Programs

At the time of this study, the primary early childhood education programs in New York were the state prekindergarten program and Head Start. The New York State Prekindergarten program (known as "state pre-K") was established as an experimental program by the state legislature in 1996. Targeted toward economically disadvantaged three- and four-year-olds, the program provided developmentally appropriate education as well as health and social services. (Four-year-olds were given priority for program openings.) State pre-K was funded through a competitive grant process that required local school districts to contribute an 11 percent match, but many contributed more. One observer reported that pre-K programs operated in 99 of New York's 747 school districts. In 1997, the pre-K program became the New York State Universal Prekindergarten program, which is open to all school districts. Funding will be provided to serve all eligible four-year-olds by the 2001–02 school year.

There are several similarities between the state pre-K program and federally funded Head Start: Both programs emphasize comprehensive services and parental involvement, although the emphasis on parental involvement may be stronger in Head Start; both primarily serve economically disadvantaged children; and both offer part-day and full-day options. Training requirements for staff differ—pre-K classroom teachers must be certified in New York, while Head Start teachers need not be.

State and local observers said that in general, there is little coordination and collaboration among subsidized child care programs, state pre-K programs, and Head Start, and many cited this lack of interface as a barrier to participation. The three programs, each administered by a different entity, had different rules and regulations. (Subsidized child care is administered by DSS, the state pre-K program by the DOE, and Head Start by the federal government.)

Child Support

To the Pataki administration, the overriding purpose of welfare reform is to move public assistance recipients toward self-sufficiency, to make public aid a transitional and temporary support, and to help families avoid dependency. Effective child support enforcement is viewed as critical to achieving these goals.

New York's child support enforcement system handles 1.3 million cases, half of which are in New York City. About half of these cases involve clients who are not receiving public assistance, and this proportion has been increasing. Child support enforcement is overseen by the state but administered through the 58 local social services districts. Although the program is heavily governed by federal law, there is much variation in the performance of local enforcement efforts and in the priority placed on these efforts by local-level commissioners.

In recent years, state administrators of the enforcement program have shifted their focus from system processes toward performance-based measures. The head of child support enforcement is committed to outcome-based management and has established specific performance goals for each local district. The state views goals for establishing paternity and support orders as especially important because until these two intermediate steps are taken, its ability to increase actual collections is limited. Although there are no penalties for failing to meet performance goals, establishing such goals for the child support system has been moderately controversial among local districts: local commissioners do not like the idea of being compared with their counterparts.

Several new child support enforcement initiatives that have been in place since January 1996 have facilitated the state's enforcement efforts:[19]

- *Suspension of Driver's and Professional Licenses.* New York can suspend the driving privileges of absent parents who owe at least four months of child support.
- *New Hires Reporting Program.* Employers must notify the New York state Department of Taxation and Finance of hires and rehires within 15 calendar days of their employment. New hire data are transferred to the Department of Social Services for use in establishing paternities and for establishing and enforcing child support orders.
- *Top 10 List.* To show that the state will not tolerate nonpayment of child support, New York publishes and widely distributes a list of the top 10 "deadbeat parents."

- *Property Execution and Seizures.* To improve the effectiveness of child support enforcement among parents whose wages cannot be easily withheld, the state has legal authority to freeze and seize the liquid assets of debtors even if the arrears have been reduced to judgment.

These initiatives were prompted by the Pataki administration's emphasis on personal responsibility. Interestingly, several observers noted that child support enforcement has been a winning issue politically: It is a moneymaker for the state, and it is an important national issue. In each of his annual budget proposals, the governor has attempted to build on many of these provisions by promoting administrative recourse for nonpayment as opposed to judicial alternatives and by strengthening the tools the state needs to increase rates of paternity establishment, support order establishment, and child support collections. In addition, New York has moved quickly to bring state laws into compliance with the child support provisions of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA).[40]

New York has improved its child support enforcement performance in several areas. The total number of support orders established in 1996 was up by 12 percent from 1995 totals, and dollar collections were up by 13 percent. The increase in the total number of paternities established was even greater: up 21 percent from 1995 levels.[41] Thirty-five percent of all births in New York are to unmarried women. In New York City, 47 percent of all births are out of wedlock, and in hospitals serving predominantly poor families, the figure is 70 to 80 percent. Efforts to establish paternity have been facilitated by a law, enacted in 1993 and amended in 1994, that created a program for voluntary acknowledgment of paternity in the state's 260 birthing hospitals. The program allows unmarried parents to establish paternity without involving the court system.

Medicaid and Other Health Insurance[42]

Compared with most other states, New York provides generous health care coverage for its low-income residents. The state has, by far, the largest Medicaid program in the country, with total expenditures of more than $24 billion in 1995 (some 40 percent greater than is spent by the next-highest-spending state). Medicaid is the largest single item in the state budget, and spending for this program grew faster from 1990 to 1995 than did all other expenditure areas in the budget. The state spends more per Medicaid beneficiary than does any other state, largely because of its broad benefit package, full-cost reimbursement to hospitals, high nursing home payment rates, and extensive coverage for personal care services. In fact, New York spends more than twice the national average both per capita and per low-income person. Expenditures per enrollee for the elderly and disabled are nearly twice the national average, and expenditures on adults and children are also substantially higher. These high expenditures are partially the result of the state's

effort to obtain matching federal dollars by shifting services into Medicaid that were once funded solely by the state.

New York's coverage of low-income populations (defined as those below 150 percent of the federal poverty level) is among the most extensive in the country; only four states cover a higher percentage of people with incomes below 150 percent of poverty. New York's Medicaid eligibility criteria are far more generous than those of the average state, with the result that 15.6 percent of the state's population is enrolled (versus 13.0 percent for the nation). More than 3.3 million New Yorkers were enrolled in Medicaid in 1995, although enrollment growth has slowed in recent years. While enrollment grew by 4.4 percent between 1992 and 1995, the rate of growth fell to only 1.0 percent in 1995, concurrent with the decline in AFDC/TANF caseloads.

New York also provides Medicaid benefits to recipients of its state General Assistance program, Home Relief. In 1995, total spending on medical services for this population of approximately 338,000 persons was $1.6 billion. In addition, the state has established a health insurance subsidy program called Child Health Plus for children of families who have incomes up to 222 percent of the federal poverty level but who are ineligible for Medicaid. Finally, the state has a bad-debt and charity-care pool—a system of cross-subsidies to hospitals with high uncompensated care burdens from those with fewer nonpaying patients.

At the time of the site visits, a large proportion of the Medicaid population consisted of women and children who were categorically eligible because they met AFDC's income eligibility criteria. Medicaid eligibility was determined at the same time as AFDC/TANF and Food Stamp eligibility in local social services offices. Since the implementation of TANF, eligibility for Medicaid was delinked with TANF; however, the state is required to retain the July 1996 AFDC rules for Medicaid eligibility. New York has also created a program using the prior AFDC/Medicaid eligibility standards to prevent those who were previously eligible for Medicaid benefits under AFDC from losing eligibility as a result of the increased earned income disregard. (See *Innovations and Challenges.*)

Managed care has been relatively slow to enter New York, in part because of the state's regulatory environment. New York is now making a major effort to expand its use of Medicaid managed care in an effort to control expenditures and better coordinate services. In July 1997, the state received approval of an extensive Section 1115 waiver from the Health Care Financing Administration to expand its use of mandatory managed care through a program called the Partnership Plan. Under the plan, New York expects the number of Medicaid beneficiaries enrolled in managed care to increase from 645,000 to more than 2.4 million. The waiver will also provide federal Medicaid funding for the Home Relief population and for hospitals making a transition to managed care. The waiver's emphasis is on expanding access and quality of care as well as containing costs.

Teen Pregnancy Prevention

At the time of the visits, the state Department of Social Services was sponsoring two teen pregnancy prevention programs. The first program, Adolescent Pregnancy Prevention and Services (APPS), was created in 1984 as a "comprehensive, Statewide initiative . . . to address the crisis of adolescent pregnancy in New York."[43] The program was written into law in 1990. APPS is targeted to high-risk communities, as indicated by the pregnancy rate, infant mortality rate, juvenile delinquency rate, poverty rate, and high school dropout rate. APPS programs were originally funded in 24 communities but had expanded to 29 localities by 1995. These programs serve at-risk, pregnant, and parenting teens. There are no income eligibility criteria. Between July 1, 1994, and June 30, 1995, some 16,000 adolescents were served[44]—more than three-fourths of them were considered at risk of becoming pregnant, 10 percent were pregnant when they joined the program, 15 percent were parents, and 3 percent were parents pregnant with another child. Program data indicate that APPS is having an impact—the pregnancy rate among female participants tends to be about 2 percent, compared with 6.4 percent upstate and 14.5 percent in New York City.[45] On average, the projects received $235,000 in state funds in 1995. Funding is funneled through a lead agency in each community (typically a nongovernment organization), and a community council, consisting of residents, service providers, and local government representatives who decide what programs will be funded and who select service providers to operate those programs.

The second program, created under the Teenage Services Act (TASA) and funded under Title IV-A and Medicaid, extends case management services to pregnant and parenting teens receiving AFDC or Medicaid. The provision of such services to at-risk teens is optional. Erie County's TASA program, the Young Parent program, provides pregnant and parenting teens ages 13 to 20 with case management services from social welfare examiners to address their financial situation; (2) employment counselors to help them obtain education, training, and/or employment; and (3) caseworkers to help them access other services, such as counseling, family planning, and home management. Observers were unsure of the program's future once TANF replaced the AFDC program and Medicaid moved to managed care.

Last-Resort Safety Net Programs

While it is hoped that reforming the welfare system and increasing state flexibility (via block grants) will promote well-being for children and families, it is important to consider what might happen to families for whom the new rules and programs do not work. Some families require assistance to address serious and immediate needs that move beyond financial support. To capture the types of programs in place for families in crisis, in this chapter we describe New York's child welfare, emergency services, and housing programs.

Child Welfare

Child welfare agencies are responsible for protecting children from abuse and neglect. This responsibility involves investigating reports of abuse or neglect, providing services to stabilize intact families, removing children found to be in imminent danger from their homes and placing them in foster or other state-supervised care, reunifying children with their families, or initiating the process of freeing children for permanent placement through adoption. New York is one of 12 states with a state-supervised, county-administered child welfare system,[46] and it maintains a statewide hotline that takes reports of child abuse or neglect. Hotline staff determines which reports warrant further investigation and forwards such cases to district child welfare offices, but beyond this initial screening of incoming reports, the state's role in child welfare is limited to financing and administrative oversight and guidance. Local child welfare offices have considerable discretion in determining which families to serve and

how to serve them. Roughly three-quarters of all reports of child abuse or neglect are handled by the New York City's Welfare Administration. The city accounts for a similarly high percentage of the state's foster care population.[47]

During site visits to New York, state and local interviewees consistently raised concerns about how child welfare services are financed and what reforms are needed in the system (initiated in part in response to the highly publicized death of a child in New York City). Each of these issues is discussed below.

Financing Child Welfare Services

New York's child welfare system is one of the largest in the nation; it investigated more than 211,000 reports of child abuse or neglect in 1995.[48] That same year, some 53,000 children were in out-of-home care. The state's foster care population stabilized in the 1990s after several years of explosive growth (between 1986 and 1991, the number of children in foster care grew from 27,000 to over 65,000), but the state's foster care rate—the number of children in foster care compared with the number of children in the population—remains the third highest in the nation.[49] While the language of its policy generally favors preventive services, New York, like many other states, has devoted a much larger share of its child welfare dollars to foster care: In FY 1994, for example, $1.2 billion was spent on foster care, compared with $200 million on preventive services.[50]

In the face of escalating child welfare costs, New York has tried to access more funding from the federal government (by increasing its use of federal funding streams not targeted for child welfare) while containing state-funded expenditures. Federal support *has* increased, but state expenditures on child welfare have decreased. Most state and local observers were focused on within-state limits on child welfare spending.[51] Efforts to constrain spending have limited the funds that districts can access for child welfare services and encouraged them to use managed care principles in designing their child welfare systems. It is expected that both of these approaches will result in a more equitable split between foster care and preventive services.

Limiting state child welfare expenditures. Under Title IV-E of the Social Security Act, states are reimbursed by the federal government for a portion of the costs of maintaining children in foster care. In New York, these funds are then distributed to local districts. In 1992, the state set a maximum limit on the amount that local districts could obtain from the state to cover their foster care costs. Districts claiming reimbursements at a level less than their capped amount could spend the difference on preventive services.

The foster care cap was eliminated in 1995, when New York's Social Services law was amended to create the Family and Children's Services Block Grant. This block grant was even more far-reaching than the foster care cap in that it consolidated and limited state reimbursements for a number of local programs serving children and families. The block grant was intended to "improve

delivery of child welfare services, increase local flexibility, and reduce costs."[52] Cost reduction was achieved, at least in part, through reduced appropriations: in FY 1995–96, state reimbursement for child protective services, preventive services, and most foster care services was set at $415 million, or $158 million less than what the state had paid in the prior fiscal year.[53, 54]

Movement toward a managed care approach. The legislation authorizing the block grant was intended to give social services districts greater flexibility in spending state reimbursements, as well as to reduce costs. Specifically, social services districts were given the opportunity to apply managed care principles to the provision of services other than child protection. A document outlining the state's child welfare managed care initiative notes the following: "[T]ypically, a managed care plan has two components. The most prominent of these is the capitated payment. A capitated payment is a preset payment for a range of services for a specified population for a predetermined period of time. Because the payment for services is negotiated between the provider and the funder in advance of service delivery, the service provider is exposed to financial risk. . . . In exchange for taking on the financial risk, the provider is given greater latitude over the timing and pattern of service delivery. [The] second component can be referred to as care management. . . . Care management stresses prevention as a way to avoid costlier forms of service delivery."[55] By encouraging districts to implement managed care principles in their child welfare systems, New York hopes to achieve three objectives: (1) restructuring fiscal incentives within the delivery system so that any impediments to downsizing foster care are removed; (2) providing preventive service so that admissions to foster care are maintained at current or lower levels; and (3) reducing lengths of stay in foster care with discharge planning and appropriate aftercare services.[56]

The state's interest in managed care for child welfare services grew from the success of the Home Rebuilders pilot project in New York City. Home Rebuilders was one of the first child welfare managed care efforts in the nation. The three-year pilot capitated funding to six contracted agencies for a selected population of children. Rather than the traditional per diem payments, participating agencies were given the opportunity to combine expected per diem payments over three years into a lump sum. The goal of the project was to see if the new payment structure and increased flexibility in providing services would lead to a reduction in the amount of time that children spent in out-of-home care, lower rates of reentry into the system, longer periods between reentry, and better child and family functioning.[57]

Home Rebuilders began in July 1993 but ended before schedule (in December 1995) to allow agencies to prepare for a full-scale citywide managed care initiative that was to start in January 1996. However, there were many differences between the pilot project and the proposed citywide effort,[58] and private child welfare organizations, which serve a majority of the city's foster care caseload, fought implementation of the citywide plan, arguing that it was designed to cut costs (to compensate for the decrease in state funding that resulted from block grant arrangements) rather than improve service delivery or

child outcomes. In December 1995, a federal judge issued a temporary restraining order preventing the city from implementing the plan, saying that "too many questions remained."[59]

At the state level, the Department of Social Services submitted a request to the federal Department of Health and Human Services (DHHS) asking that certain restrictions on the use of federal foster care funds be waived. The waiver request proposed using managed care principles to increase the availability of child welfare services so that preplacement prevention and aftercare services could be intensified. In late 1997, DHHS approved the request.

Despite much movement toward a managed care approach at the policy level, state and local interviewees suggested that changes at the local level have been quite limited. An Erie County official said that the state is not ready for managed care for child welfare and feared that some children in need would not be served under the approach. One state administrator described the status of managed care in New York as "a foggy issue." In New York City, children's advocates reported that the legislation authorizing block grants provided few tools to create a managed care system, that it did not allow counties to consolidate federal funding streams, and that it failed to increase fiscal or programmatic flexibility.

Although few respondents raised this topic, New York is also examining its permanency planning process. Foster care costs are driven by both the number of children in care and the length of stay in such care. Despite recent declines in the number of foster care placements, the total foster care population has remained high because children stay in the system for long periods. To address this problem, New York has tried to improve the adoption process for children in foster care and thus increase the number of adoptions. In 1993, the city of New York in collaboration with the state and the courts initiated Project 6,000, which sought to facilitate the last step of the adoption finalization process for foster children. The project's goal was to implement program and practice reforms that would finalize the adoption of 6,000 children in preadoptive homes.

The state has also looked to reduce foster care rolls by examining the permanency planning process for foster children placed in the care of relatives (known as "kinship care"). Data have shown that in New York, children in kinship care remain in foster care much longer than do those in unrelated foster care. The state legislature sought to address permanency planning difficulties for children in kinship care during the 1996 legislative session, but it failed to reach a consensus on needed changes.

System Reforms

In recent years, the child welfare system in New York, and especially New York City, has been the target of intense scrutiny and criticism. In addition to a great deal of negative media coverage, the system has been subject to a number of external evaluations and audits, as well as class action lawsuits. In 1994, the New York State Commission of Investigations began examining the state's child

protection system in response to a complaint from a county district attorney's office about a child abuse investigation. The commission did not limit its investigation to that one county but reviewed the overall practices and procedures of the Department of Social Services regarding complaints of child abuse and maltreatment. The commission found the child protective system to be "in desperate need of reform" and made a number of recommendations to change state confidentiality laws restricting access to child welfare records, change expungement laws so that more types of records are retained for future reference, and increase oversight and accountability in child abuse investigations.[60]

DSS audits all social services districts across the state. After its 1996 audit of New York City's Child Welfare Administration, DSS concluded that "Administration had failed" to carry out its mandate. During the last two decades, public interest attorneys have filed 20 different class action lawsuits in state and federal court against New York City's child welfare agency.

The system's inadequacies became even more apparent in November 1995 when six-year-old Elisa Izquierdo was found beaten to death in her mother's home in New York City. Citing confidentially laws, child welfare officials refused to publicly discuss her case, which had been repeatedly reported to the Child Welfare Administration. Her death became a major media focus, prompting both Governor Pataki and Mayor Giuliani to address the situation. In January 1996, Pataki established the Governor's Commission on Child Abuse and Neglect (also called the New York State Child Abuse Commission) to examine the laws and regulations of New York's child protection system and to make recommendations to "improve the functioning of that system so it better protects New York's children."[61] Mirroring the findings of the Commission of Investigations, the Governor's Commission recommended changes to New York law regarding the confidentiality of information in child welfare cases and the state's policy of immediately destroying documents from investigations that do not produce sufficient evidence of abuse.[62] Responding to the findings of both commissions, the legislature passed Elisa's Law in February 1996 to "improve the quality of investigations of suspected child abuse or maltreatment and to encourage greater government accountability in the child welfare system."[63] The law allowed disclosure of information about child abuse and neglect in certain circumstances and mandated that unfounded reports be kept for 10 years after the youngest child in the household turns 18.

In response to criticism that the city's child welfare system failed to protect Elisa Izquierdo, Mayor Giuliani created the Administration for Children's Services (ACS) in January 1996. ACS replaced the Child Welfare Administration (which had been part of the city's Human Resources Administration) and was the first freestanding agency in the city's history to report directly to the mayor. Mayor Giuliani stated that ACS "would reverse the city's basic child welfare philosophy, which placed preeminence on holding families together, replacing it with an approach more oriented toward criminal justice and the protection of children."[64] *Protecting the Children of New York: A Plan of Action for the Administration of Children's Services* was released the following

December. Child welfare agency officials had been criticized previously for their silence regarding internal problems, but this document was significant in its straightforward description of the troubled state of the agency. The action plan described many proposed changes to the child welfare service delivery system in New York City, including restructuring the agency internally; creating a neighborhood-based system for foster care, preventive services, and adoption; reducing workers' caseloads; increasing training requirements for workers; and implementing an accountability system.

Observers had mixed views about how these changes would affect New York City's child welfare system. Several praised ACS's increased accessibility and accountability and were pleased that the new child welfare agency had a more direct link to the mayor. While observers liked the idea of a neighborhood-based system, many questioned the feasibility of such a plan, given the limited capacity of community-based agencies. Interviewees also expressed concern about ACS's strong emphasis on protecting children rather than preserving families. Ultimately, they said that the impact of the changes would depend on the degree to which case managers support the new system. The case managers interviewed for this report did not appear to feel an alliance to the administration and were skeptical of the proposed changes. In addition, unions representing child welfare workers were unhappy about redistributions of job responsibilities and punitive actions against workers (such as the dismissal of Elisa Izquierdo's caseworker).

Emergency Services and Housing

According to the New York State Coalition for Homeless, almost one in ten households on public assistance in the state enter the emergency shelter system in any given year. In all, 140,000 New Yorkers use government-supported shelters annually (86,000 in New York City alone). More than half of these (75,000) are children or unaccompanied or runaway youth. Between 1992 and 1995, the average number of homeless children in New York City increased by 88.6 percent, in 1995, their average stay in city shelters was 215 days. In FY 1993, New York spent approximately $1.5 billion from federal, state, and local sources on shelter and other social services for its homeless residents—and the state's share of this total was more than $800 million.[65]

In New York City, the Department of Homeless Services (DHS) provides emergency shelter and other support services to homeless families and individuals. DHS also conducts outreach to people living in public places, determines eligibility for emergency housing, assesses client needs, and provides supports to enable people to live independently. The *FY 1996 Mayor's Management Report* included a number of goals and objectives for DHS, specifically that the agency shelter an average of 5,740 families and 6,259 individuals per day in temporary housing. To strengthen eligibility requirements for families seeking shelter and to improve its record of placing families in housing

alternatives outside the shelter system, DHS planned to increase its eligibility investigation staff to 33 (the actual FY 1996 figure was 55), to develop an implementation plan for the new state eligibility regulations, and to improve the effectiveness of the eligibility investigation process by adding a field investigation component. (Field investigators verify client information and confirm families' eligibility for temporary housing.) Other DHS objectives include contracting out the operation of shelters and requiring that shelter contracts have goals for client performance, housing placement, and shelter occupancy.

Despite this agenda, food and housing advocates within New York City portray a very different picture of what is happening within the emergency services system. Very few mentioned the city's plan for a continuum of care and, when asked about such a plan, commented that "its relationship to reality is unclear." Most observers were very concerned about system changes initiated in August 1996 when the city began an austere program of front-end diversion—a systematic effort to deter applicants from entering the emergency services system by adopting a narrower definition of homelessness, rigorously enforcing various regulations, and screening applicants multiple times before finally approving them for services. Advocates also report that the city has increased the number of fraud investigators and has adopted eligibility guidelines that make it difficult for families coming from doubled - or tripled-up living situations to prove they are homeless. In some cases, fraud investigators have telephoned abusive boyfriends or husbands to ask if female applicants and their children can "return home." Advocates also claim that DHS imposes very strict sanctions against shelter residents by evicting families for a single violation of their service plan.

Advocates in New York City believe that the primary impetus for these changes has been budgetary, stemming from the mayor's fiscal concerns. The changes are also consistent ideologically with national and local attitudes that emphasize individual responsibility.[66] Advocates also reported that at the local level, there are often trade-offs between health care and other social programs such as food and housing. In New York City, the institutional forces in health care (especially hospitals and nursing homes) are far more powerful than are food and welfare advocates, and the former are winning out.

In Erie County, 30,000 households with incomes below $10,000 spend half or more of their income on rent, and the number of homeless families has increased over the past several years. The county's emergency shelter system is entirely independent, although three shelters are government funded. The local Commission on Homelessness has no oversight responsibilities for the system beyond contractual oversight of the publicly supported shelters; thus, it must rely on moral persuasion to shape various aspects of emergency services. All of Erie County's shelters are located in the city of Buffalo, and some observers are concerned about the availability of services for rural residents. There are other gaps in services, such as inadequate provision of mentoring programs for homeless families, transitional housing, supportive services for moving from emergency or transitional housing to permanent housing, mental health services (especially

for adolescents), and drug rehabilitation services. One local observer reported that there *is* a fair amount of coordination among emergency service providers and programs (primarily in the areas of staff training and community-based planning) but that the city and county often make funding decisions independently.

Public housing. Erie County has 27 public housing developments (the vast majority located in the city of Buffalo) that house 8,000 residents in 5,800 units. Two of the buildings are state-constructed, city-supported buildings; the remaining 25 are federally supported. The goal of the Buffalo Municipal Housing Authority is to provide safe, decent, sanitized housing for all residents. The authority is trying to become less paternalistic (for example, by no longer providing residents with stamps to mail in their rent checks) and to empower residents, especially the nonelderly, to become proactive in managing the buildings. The Authority gives priority for housing to working families and is committed to serving customers better while making more efficient use of taxpayer dollars.

Like Buffalo, New York City's public housing authority is hoping to achieve a greater mix of income among its residents (i.e., to bring in higher-income residents) and has been taking a more businesslike approach to its administration. In addition to running the nation's largest public housing program, the New York City Housing Authority (NYCHA) is one of the top 10 housing and property management companies in the world—providing homes to some 1 million New Yorkers (counting both authorized residents and those who double up with them), the vast majority of whom are families with children. The authority employs close to 15,000 workers, who oversee 180,000 apartments in 3,000 buildings (340 public housing developments) and administer many other programs, such as Section 8 housing, Hope 6, Project HOME, and multifamily homeownership.

In recent years, NYCHA has viewed self-preservation as its main goal in the face of reduced federal subsidies for its own operations and cuts in assistance to the populations it serves. To continue serving low-income New Yorkers and be a catalyst for community revitalization and development in the absence of new federal funding, the authority feels that it must preserve its existing assets and even expand. Toward these ends, it has developed an extensive business plan that broadens the base of eligibility for public housing (i.e., allowing for more mixed income); provides greater flexibility in its use of capital and operating subsidies from the federal government; develops more joint (public/private) ventures; and implements pilot programs to reduce energy costs and promote mixed income and financing. NYCHA is also exploring the possibility of establishing submarkets of ceiling rates within the city.

Federal funding preferences have reduced the proportion of public housing residents who are employed from one-half to one-third during the last 10 years. NYCHA administrators feel that targeting public housing to very low-income residents (such as those below 50 percent of the median income in the area) creates ghettoes of the poorest of the poor, a situation that brings socio-

logical and political problems of its own. Administrators argue that the federal policy marginalizes public housing and creates a program that no one will end up supporting. They believe that there are tremendous housing needs among residents at 120 to 130 percent of the median area income. Unlike programs in many other cities across the country, NYCHA and its programs have enjoyed a relatively broad base of public support, in part because the agency is geographically well distributed throughout the city and has housed residents from a broad range of incomes. Currently, 30 percent of public housing residents receive welfare benefits, but close to three-quarters of all residents rely on some type of government support (such as SSI or Social Security payments).

NYCHA concedes that it will never be able to meet demand, even if it expands. Nor does it take sole responsibility for solving what is essentially a community wide problem: a shortage of affordable housing. Waiting lists for regular and Section 8 public housing are effectively closed because the standard applicant (who does not fall within a priority group) has virtually no chance of being offered housing. There are 125,000 to 135,000 on the waiting list for standard public housing and there were around 200,000 on the waiting list for Section 8 housing in December 1994 when the list was closed (the number has gone down a little since that time).[67]

One of the biggest challenges for NYCHA is convincing the public that it is *not* abandoning the poorest of the poor, throwing people out, raising rents, or demolishing public housing, but that it is seeking ways to help public housing adapt and survive. The authority recently created a Department of Economic Initiatives to focus on education, training, and job opportunities for residents.

Innovations and Challenges

In this final section, we describe how New York's welfare reform program, enacted in August 1997, was designed, how it has changed the state's social services, and what implications federal welfare reform has for New York's welfare reform efforts. We discuss the relationship between local governments and the state, the approach to monitoring programs, and the relative importance of privately provided services.

Implications of the New Federal Welfare Reform Legislation[68]

As discussed earlier, Governor Pataki has had an agenda for welfare reform since taking office in 1995. He proposed a number of dramatic changes during the 1995 and 1996 legislative sessions, many of which reflected provisions being considered for the federal reform initiative, such as time limits, a family cap, mandatory work requirements, and an optional block grant to distribute state welfare dollars to local social services districts. The governor also proposed substantial benefit reductions to both the AFDC and Home Relief programs. After much debate, most of his proposals were defeated, although some provisions strengthening work requirements and fraud prevention were enacted.

With the passage of PRWORA and the state's preparation to implement the new federal requirements, the governor again put forth his vision for welfare reform in New York. The state's TANF plan, which was submitted to the federal

government on October 16, 1996, was little more than a statement of New York's intent to comply with the new federal welfare legislation. It contained few details on the state's plans for implementing the new program. However, the governor had appointed a Welfare Reform Task Force, composed chiefly of state agency commissioners and key legislators and chaired by the director of the state's powerful Division of the Budget, to review the federal legislation and summarize the options available to the state for implementing the law.[69] On November 13, 1996, Governor Pataki unveiled NY Works, which was intended to transform "the failed welfare system into a program that promotes work, permits independence and encourages personal responsibility."[70] The plan called for a dramatic overhaul of the existing welfare system through a series of comprehensive changes to the structure, financing, and administration of New York's public assistance programs. The most noteworthy of these proposed changes were as follows:

- The existing AFDC/TANF program would be replaced by the Family Assistance (FA) program. The state's General Assistance program, Home Relief, would be eliminated and replaced by (1) the Article XVII Safety Net program, which would provide benefits to single adults, families who had exhausted benefits under the new federally required five-year time limit included in FA, and legal immigrants ineligible for FA; and (2) the Temporary Disability Assistance program, which would provide benefits to those with temporary medical disabilities that prevented them from working.
- Benefits under the Article XVII Safety Net program would no longer be in the form of cash assistance; instead, recipients would receive vouchers for food, shelter, and medical assistance. Cash benefits would still be provided to those eligible for Temporary Disability Assistance.
- Benefit levels for families in Family Assistance would decrease over time, starting with a 10 percent reduction after 18 months on assistance, with a gradual reduction to 45 percent after four years, and total elimination of benefits after five years.
- The earned income disregard would increase to 42 percent of earnings, so that a family of three could keep monthly earnings of $1,080 (up from $667) before becoming ineligible for assistance.
- A family cap on additional cash benefits for children born while a family is receiving FA benefits would be implemented.
- Costs for the Article XVII Safety Net program would be shared equally by the state and local governments up to a certain capped dollar amount. Localities would then be responsible for 100 percent of all costs beyond this fixed amount.
- Local social services districts could opt to receive all or a portion of their state funding for welfare programs in the form of a flat block grant, instead of being reimbursed on an open-ended matching basis. In combination with this option, districts could propose a modified welfare program to improve efficiency and lower costs in their jurisdiction. They would retain 20 percent of the state's share of any savings that resulted from these programs.

Discussions on the governor's proposed welfare reform plan were just getting under way in the legislature at the time of the site visits in January

1997. Most respondents indicated that welfare reform was one of the most important issues being debated in the 1997 state budget negotiation process.[71] Respondents' views on the merits and potential problems of the new plan were mixed, as were opinions about the likelihood of the plan's passage, particularly in light of the governor's track record with previous welfare reform proposals. There was, however, concern at the local level that implementation of the governor's plan would shift costs down to the local level, thereby creating a costly administrative and financial burden for counties. In fact, social services commissioners from four Republican-controlled counties that accounted for nearly 80 percent of the state's low-income population formally protested the governor's proposal, stating that it would "shift the burden of caring for the poor from the state to local governments."[72] Pataki's proposal to offer local governments optional block grants in conjunction with flexible payment standards and program structures caused some to fear a "race to the bottom" if counties tried to compete with one another in slashing benefits.

After an extraordinarily contentious and lengthy legislative session, the governor and the leaders of the state legislature reached an accord on the budget on July 29, 1997—a record-setting 120 days past the April 1 start of the budget year—and the Welfare Reform Act of 1997 was subsequently signed into law. The final compromise agreement effectively softened many of the toughest provisions of the governor's original welfare reform plan while still meeting the requirements of the federal legislation.

The benefit reduction proposed by the governor was not passed as part of the 1997 Welfare Reform Act. New York's benefit levels continue to be among the most generous in the nation. Former AFDC/TANF recipients are covered under the new Family Assistance program for a lifetime maximum of five years. Home Relief was replaced by the Safety Net Assistance (SNA) program. Under SNA, single adults and childless couples formerly covered under Home Relief receive cash assistance (not vouchers, as the governor had proposed) but only for two years; after that, benefits are in the form of noncash payments for housing and utilities. People who lose FA eligibility after five years of coverage may continue to receive noncash SNA benefits indefinitely, if otherwise eligible.

The governor's proposal to increase the earnings disregard to 42 percent was included in the final legislation. Another component of the new law allocates $1 million for a Learnfare program, to be phased in over three years, that monitors the school attendance of children in grades one through six. If a child exceeds a prescribed number of unexcused absences, the child's family will lose a portion of its benefits.

A new residency requirement in the welfare law stipulates that anyone moving to New York may collect benefits for a maximum of 12 months in an amount equivalent to that available in the former state of residence or 50 percent of New York's benefit level, whichever is greater. The family cap provision was not included in the new law.

The Child Assistance Program, which had previously existed in only a limited number of counties, was officially authorized to operate in any county. Counties will be reimbursed for CAP's administrative costs at 100 percent in the first year, with an annual decline of 10 percent over each of the next five years. After that, costs will be reimbursed at 50 percent for all subsequent years of program operation. Some $1.5 million in TANF surplus funds was earmarked to meet the additional costs of operating CAP.

The final legislation did not include the proposed block grants to counties nor the caps on the state share of funding for welfare programs. There are, however, provisions for local flexibility in program design, and funding is available for pilot programs that will move clients toward self-sufficiency. Local social services districts can propose pilot programs to improve service and benefit delivery, contain costs, and help recipients attain self-sufficiency; and the state can waive state regulations for such programs.

The Welfare Reform Act continues to reinforce the emphasis on work. All welfare-to-work programs, renamed Public Assistance Employment Programs, now require able-bodied welfare recipients to work for their benefits. The law allows jurisdictions to require recipients to participate in workfare for the number of hours it takes to work off their grant at the minimum wage. In general, though, the legislation does not include details on work requirements. After welfare reform beyond what is required by federal legislation, state budgets created over 20 separate initiatives increasing welfare to work funding significantly.

This legislation also outlined uses for the "windfall" TANF money, that is, the surplus of the TANF block grant compared to what AFDC funding would have been under previous law. While $268 million of the total $730 million is allocated for general fiscal relief, $57 million is designated for the State Department of Labor to support employment-related activities. Funding is also increased for a number of other welfare-related programs, such as the Child Care Block Grant, which receives an additional $45 million to fund additional day care slots.

Child Care

New York's 1997 reform bill also included significant changes for the state's child care programs. In response to PRWORA's creation of block grants for distribution of federal child care funds, New York created a state Child Care Block Grant. This block grant consolidates state and federal child care funds, including funds for the State Low-Income Day Care program, and caps the amount of those reimbursements to localities.[73] The majority of the block grant is distributed to social services districts to "provide child care subsidies to support both ongoing needs and new demand resulting from implementation of welfare reform."[74] According to the governor's proposal, the "new state Child Care Block Grant takes advantage of changes to federal law to improve child care funding and program parameters and builds upon those changes by offering additional flexibility to social service districts."[75]

In consolidating funding streams, the Child Care Block Grant eliminated program-specific eligibility criteria and established the following categories of families as eligible for subsidized child care:[76]

- Family Assistance recipients who need child care to participate in approved work-related activities, or teen parents who need child care to attend high school or equivalent training.
- Families with incomes of up to 200 percent of the State Income Standard who have lost Family Assistance eligibility because of earnings or increased child support payments or who left voluntarily, if they received public assistance in three of six months before becoming eligible (similar to the eligibility requirements for the former IV-A Transitional Child Care Program).
- Families with incomes of up to 200 percent of SIS who are at risk of becoming dependent on Family Assistance.
- Other families with incomes of up to 200 percent of SIS who are designated by the local social services district as eligible in its consolidated service plan.

Child care is guaranteed to families in the first eligibility category with children under the age of 13 and, for 12 months, to families in the second eligibility category. Among eligible families for whom child care is not guaranteed, social services districts can prioritize who will be served.

To comply with PRWORA requirements, New York's social services districts must at least match the amount spent on child care during the 1994–95 federal fiscal year. If a district does not maintain that level of spending, and thus causes the state to lose federal funds (because of PRWORA maintenance-of-effort requirements), the state will reduce the district's block grant allocation. Mirroring the state and local distribution of child care costs prior to the block grant, social services districts can claim reimbursement for 75 percent of expenditures for child care provided to Family Assistance recipients and for 100 percent of expenditures for child care provided to other eligible families. Unspent allocations can be carried over to the next year.

The Child Care Block Grant legislation increases the capacity of New York's child care system by increasing expenditures on child care and by allowing low-income families who are not on public assistance to use informal providers. Governor Pataki's proposal increased total child care funding in New York (federal, state, and local) by $54 million over the previous year's funding level—most of the increase is from additional federal contributions. During budget negotiations, the legislature added another $45 million (from the state's "welfare windfall") to the block grant. This additional $99 million is expected to fund 42,000 new child care slots.[77] The block grant legislation also expands the use of informal providers by allowing any parent receiving subsidized child care to choose such a provider. (Previously, State Low-Income Day Care funds could not be used to purchase informal care.[78]) The state must establish health and safety standards for informal care, and, with state approval, social services districts can impose additional requirements.

The increased use of informal care concerns child care advocates. While state-level observers argue that, historically, New York has valued parental choice and that more than 50 percent of parents choose informal care,[79] critics argue that the state's support of informal care is based on the fact that reimbursements for these providers are substantially lower than those for regulated providers. Although the block grant legislation specifies that the state set health and safety standards for informal care, advocates did not anticipate that these standards would be significant.

Child Support

New York's welfare reform bill and the related child support bill made several changes to the state's child support system to bring it into compliance with the federal PRWORA, which requires administrative ordering of genetic testing, strict paternity cooperation standards, and new case registry provisions, among other things. Although the federal government discontinued the $50 pass-through provision for TANF recipients, New York is using state funds to maintain a reduced pass-through of $25. To participate in the Food Stamp program in New York, applicants must now cooperate in establishing paternity and in obtaining support, and they cannot be in arrears by more than three months.

Other changes to the state's child support system include a new cost-of-living adjustment (COLA), voluntary for non-TANF custodial parents and automatic for TANF custodial parents, for any case more than two years old and the reclassification of repeated failure to pay child support from a Class A misdemeanor to a Class E felony, which can carry a jail term of up to four years. In line with PRWORA's emphasis on administrative processes, the COLA is handled administratively rather than through the courts as long as the cumulative change in the cost of living since the last adjustment is at least 10 percent of the consumer price index (CPI).

Pregnancy prevention

PRWORA allocated $50 million nationally for abstinence education, of which New York was eligible to receive $3.4 million, for each federal fiscal year from 1998 through 2002. In July 1997, Governor Pataki announced a $7 million program to "teach New York's teenagers the benefits of abstinence" and submitted an application for the federal funding.[80] Approximately $4 million in federal and state funds would be distributed to community-based organizations to fund abstinence education programs and the remaining $3 million would fund a statewide media campaign. New York would match federal contributions with $2.6 million in state money and $1 million in in-kind services. In addition, Governor Pataki has created the 14-member Task Force on Out-of-Wedlock Pregnancies and Poverty to address PRWORA's emphasis on decreasing nonmarital pregnancies and to enhance New York's chances of qualifying for bonus money available under the federal law to the five states that make the biggest reductions in the number of these pregnancies. The task force will be chaired by the executive director of New York's Council on Children and

Families and will "study and develop ways to reduce teenage and other out-of-wedlock pregnancies in New York State."[81]

New York has also transferred $7 million of the TANF surplus to the Department of Health for pregnancy prevention activities, including family planning. Some $1 million of this amount was specifically designated to fund training for statutory rape prevention.

Changes in Immigrants' Eligibility for Public Benefits

The implications of federal restrictions on immigrants' eligibility for public benefits were a major concern for New York because of the enormous impact these changes would have on this state, which is home to more than 13 percent of the nation's noncitizens. Federal welfare reform radically altered immigrant policy by restricting legal immigrants' access to federal assistance by giving state and local governments greater discretion in determining immigrants' eligibility for public benefits. For the first time, receipt of public benefits became dependent on citizenship status, not legal presence. Federal welfare reform also gave new immigrants or those arriving after August 22, 1996 (the date of PRWORA's passage), less access to federal and state public benefits programs than was available to immigrants who were in the United States prior to that date. The law also barred unqualified immigrants (illegal immigrants and certain other groups without permanent residence) from most federal, state, and local public benefits.

With nearly 2 million noncitizen residents in 1994, New York ranks second only to California in the size of its immigrant population. Additionally, immigrants in New York have relatively high rates of welfare use; in 1993, 21 percent of public assistance recipients in the state were noncitizens.[82] Consequently, federal restrictions on immigrant eligibility for benefits and the subsequent decrease in federal funding will have a disproportionate impact on New York—and especially on New York City, where more than 86 percent of the state's noncitizens reside. At the time of the site visits in January and June 1997, interviewees understood that both food stamps and SSI would be denied to legal immigrants under the federal restrictions. As a result, respondents at both the state and local levels expressed concern about the consequences of implementing immigrant provisions. The cost of providing services to immigrants who lose eligibility for federal benefits will be a significant burden for both state and local governments and also for the many nonprofit organizations that provide assistance to this population in New York City and throughout the state. The situation is further complicated in New York because of the state's constitutional requirement to care for its needy population.

In January 1997, Governor Pataki joined other governors from states with large immigrant populations in calling on Congress to restore welfare benefits to legal immigrants. His position was that provision of services to immigrants was the responsibility of the federal government and that shifting these costs to the states and localities would place an impossible financial burden on them.

Governor Pataki estimated that the costs of replacing benefits for legal immigrants could total $240 million in his state. His welfare proposal favored continuation of federally funded TANF and Medicaid for current immigrants (i.e., those in the United States when the federal law was enacted) and proposed covering new immigrants and those losing SSI benefits under his proposed Safety Net program. However, the benefits under the Safety Net for those losing SSI and food stamps would be much lower than previously available and would be in the form of noncash assistance.

New York City's Mayor Giuliani mounted an aggressive national campaign against the immigrant provisions of the welfare reform bill and lobbied Congress to soften the impacts of the law's restrictions. In January 1997, he formed an Immigration Coalition of interested individuals and organizations to promote awareness of the effects of the new welfare law and to promote naturalization efforts. He also filed suit against the federal government twice on the grounds that certain aspects of the immigrant restrictions are unconstitutional.

TANF, Medicaid, and General Assistance. PRWORA gave states the option of providing TANF and Medicaid to immigrants (those residing in the United States on August 22, 1996). New York, like most states, opted to continue to provide TANF (now called Family Assistance or FA) and Medicaid benefits to these immigrants with dependent children. Current immigrants without dependent children are eligible for public assistance under the state and locally funded Safety Net Assistance program. However, under the federal law, new immigrants are barred from receiving TANF or Medicaid assistance for their first five years in the country. Therefore, if a state chooses to provide future immigrants with TANF or Medicaid, it must use its own funds to do so during this five-year bar. New York has elected to provide benefits for most new immigrants who would otherwise be eligible for FA (but are subject to the five-year bar) through SNA. After five years, qualified immigrants can apply for FA unless they have exhausted their five-year time limit for collecting benefits by having used five years of SNA. At that point, New York will impose sponsor-deeming: under this arrangement, the income of an immigrant's sponsor is deemed available to the immigrant in determining eligibility for benefits, thus making most ineligible. In addition, New York has implemented a 12-month waiting period for eligibility for both FA and SNA from the time of an applicant's arrival in the state, if the client moved from another state after August 20, 1997.[83] New York does have a state program called Emergency Assistance for Families (EAF), which may be available to those in need during the 12-month waiting period. In terms of health insurance for the poor, new immigrants are eligible only for Emergency Medicaid during their first five years in the United States.

SSI. Originally, PRWORA would have ended most legal immigrants' eligibility for Supplemental Security Income. In early 1997, Governor Pataki reported that the new federal restrictions on SSI eligibility would render some 80,000 elderly and disabled legal immigrants in New York ineligible for benefits. Those losing SSI would have been eligible for benefits under the governor's proposed Safety Net program, which would have shifted high costs to the coun-

ties if they intended to maintain existing levels of assistance. Additionally, under the proposed program, benefits would have been noncash and would have been reduced by more than $200 monthly, even if counties elected to provide the maximum level of assistance.[84] The federal Balanced Budget Act of 1997, however, restored SSI benefits to most legal immigrants and other current immigrants who become disabled in the future, but most new immigrants remain ineligible for SSI.

Food stamps. Federal welfare reform barred the majority of legal immigrants from the Food Stamp program. This restriction has had an enormous impact in New York, where the Department of Social Services estimated that between 150,000 and 250,000 legal immigrants would lose food stamp benefits of up to $300 per month as of April 1997.[85] In fact, New York and California together account for half of all noncitizen recipients of food stamps.[86] The impact was softened when the Supplemental Appropriations Act of 1997 authorized states to purchase federal food stamps to distribute to legal immigrants no longer eligible for the Food Stamp program. New York state chose to allocate $13.1 million of TANF surplus funds to purchase food stamps for legal immigrant children and to use state and local funds to provide them for disabled and elderly legal immigrants. However, since these costs will be split between the state and counties, individual counties may elect not to participate.[87] To be eligible for these replacement food stamps, recipients must have been living in the same social services district in which they apply as of August 22, 1996.[88] The law also requires that eligible participants apply for citizenship within 30 days of applying for food assistance. Immigrants arriving in the United States after August 22, 1996, are not eligible for state-funded food assistance. In June 1998, Congress authorized restoration of federal eligibility for immigrants who were elderly, disabled, or under age 18 and were in the United States as of August 22, 1996. These are essentially the same groups that New York was covering with state- and county-funded food stamp programs; it remains to be seen what the state will do with the held-up funds.

Naturalization. Because of the concerns regarding the shifting of cost to state and local governments as a result of the eligibility restrictions placed on immigrants, funds have been allocated at both the state and local levels to support activities designed to assist noncitizens through the citizenship process. The 1997 budget included $2.5 million in state funds for a statewide naturalization initiative targeted to immigrants at risk of losing food stamp benefits. In May 1997, Mayor Giuliani spearheaded an initiative called Citizenship NYC, which established six Citizenship Centers throughout the city to help immigrants in all stages of the naturalization process. Some $10 million was set aside for various types of services targeted to those most in need, with special focus on SSI and food stamp recipients who were about to lose benefits. The mayor's goal was to help 60,000 immigrants become new citizens by the end of 1998. At the time of the site visits in January 1997, Erie County was in the process of implementing a locally funded citizenship campaign, also targeted at immigrants about to lose SSI and food stamps. Respondents indicated that there was a particularly crucial need for funding English as a second language classes as part of these citizenship campaigns.

Unqualified immigrants. Federal welfare reform also made unqualified immigrants ineligible for most public benefits. To provide services to unqualified immigrants, states must pass legislation that explicitly makes them eligible for benefits. At the time of the site visits, New York had taken no steps to pass such a law, nor was there any movement to specifically bar unqualified immigrants from new programs. All immigrants are still eligible for programs that provide school breakfasts and lunches, immunizations, and emergency medical care. New York also gives Medicaid coverage for prenatal care to all needy pregnant women, regardless of immigration status. However, this coverage is currently being contested in the courts, and it is possible that some legal immigrants and all unqualified pregnant immigrants may lose these benefits.[89]

For several years, New York City has had a statute that barred employees from reporting illegal immigrants who sought city services to the Immigration and Naturalization Service, but PRWORA prohibits such state and local laws. In October 1996, New York City's Mayor Giuliani filed suit challenging the constitutionality of this ban on the grounds that it jeopardizes public health and violates principles of federalism.[90] His suit was rejected by a federal district court in July 1997 and was in appeal at the time of this study.

Relationship between State and Local Governments

New York counties have a strong political presence. They pay a substantial portion of program costs and, hence, demand a say in how programs are designed and implemented. Before Governor Pataki released his proposal for welfare reform, some local districts, including Erie County and New York City, had already undertaken reforms of their own. Mayor Giuliani implemented his NYC Way program, which makes extensive use of workfare, in early 1995; in October 1996, the county executive in Erie County, a Democratically controlled jurisdiction, sent his own proposal for welfare reform to the governor and legislators. Interviewees reported that Erie County's proposal actually went further in reforming New York's welfare programs than did Governor Pataki's.

In response to the governor's proposed welfare reform bill, representatives of the New York State Association of Counties (NYSAC) testified before several state assembly committees in January 1997, voicing strong support for welfare reform but disagreeing with some of the governor's proposals. Their concerns speak broadly to two issues regarding the relationship between state and local government in New York that were raised by observers interviewed during the preparation of this report:

- *Role and Size of State Government.* County-level observers do not see the need for duplicative bureaucracies at the state and local levels. They argued that because programs are administered at the local levels, the size of the state bureaucracy should be reduced. The NYSAC testimony stressed the counties' desire for the state's role in welfare reform to be one of "minimal

supervision" and, in emphasizing the relative importance of county and state governments, argued that "federal administrative funds should first be used to reimburse districts for the costs associated with providing direct services to recipients and only secondly to the state oversight agencies that do not deliver services."[91] Several of those interviewed for this report were unhappy that more of the TANF surplus was not directed to local fiscal relief, although a state respondent said that as much of the surplus as possible was designated for that purpose. In the enacted 1997–98 budget, $207 million of the $730 million total surplus was designated as state fiscal relief, compared with $248 million for local fiscal relief.[92]

- *Funding for Mandated Programs.* Unlike neighboring New Jersey, New York does not have a "state mandate, state pay" provision in its laws. Local-level observers resented the fact that county governments pay a substantial portion of the costs of programs mandated by the state when they do not have local discretion on how these programs are implemented. One local respondent estimated that mandated programs account for 80 percent of counties' budgets. Likewise, NYSAC argued in its testimony that "[I]f the state implements aspects of the TANF programs deemed 'optional' under federal welfare reform, and does not allow local governments the ability to not participate in (or 'opt out' of) such programs, then the state should assume full financial responsibility for the additional costs of the optional program aspect." This issue is one that Governor Pataki is clearly aware of. In his 1995 State of the State Address, he argued that "state government must not be streamlined by abandoning its responsibilities, as unfunded mandates put a greater tax burden on local governments." Although there has been no change in the state's ability to impose unfunded mandates, the state budget director estimated that during the first two years of the Pataki administration, New York "provided more than $1.8 billion in fiscal relief to locals."[93]

Monitoring Program and Government Performance

There are several projects currently under way in New York that are intended to make income support and social services programs more outcome-focused than they have been in the past. Some respondents indicated that previous monitoring efforts have concentrated too extensively on process (e.g., timeliness of eligibility determinations) rather than on outcomes (e.g., obtaining jobs or achieving self-sufficiency). While New York had already begun moving in the direction of outcome-based goals, the requirements of PRWORA made the need for such monitoring even more pressing. Additionally, the state plans to evaluate the outcomes of its welfare reform, as mandated by the Welfare Reform Act of 1997.

In September 1996, the Department of Social Services issued its first quarterly report on performance measures for the New York state services system. These reports provide overall goals and key measures for each of four program areas: temporary assistance, child welfare, child support, and teenage pregnancy. Data are reported statewide and by local district, with rankings for each

measure listed by district.[94] The purpose of this effort is to focus state, local, and public attention on the key goals and outcomes of the social services system, track improvement in such outcomes over time, and stimulate discussion and investigation concerning the factors that affect performance.[95] Development of specific measures for each program area continues, as state administrators work with members of the New York PWA Performance Measures Task Force on proposed changes and additions.

The Office of Children and Family Services within DFA also reports key measurable characteristics of county child welfare programs in its annual *Monitoring and Analysis Profiles* (MAPS). These reports provide data on measures for Child Protective Services, Preventive Services, Foster Care, and Adoption for the state overall, for New York City, and for upstate (all counties except New York City). Developed in 1985, the MAPS reports are distributed to county DSS offices to inform local child welfare planning and decisionmaking.

In response to the outcry for more accountability from child welfare services, the state has increased the number of case record reviews. While these reviews had been conducted in the past, the tragedies in New York City led to implementation of new procedures to review case records in each county on a three-year cycle. These reviews go beyond simple administrative oversight and focus on identifying trends and patterns within the system.

Government versus Privately Provided Services

Unlike some states, there are currently no statewide efforts to privatize income support or other social service functions in New York. (During 1992 and 1993, there was some movement toward privatizing a few welfare-to-work contracts in New York City.[96]) The Department of Labor contracts for the provision of employment and training services around the state, and local governments may elect to utilize these services. The Welfare Reform Act of 1997 stipulates that local social services districts may contract out virtually all services, with the exception of eligibility determination. Hence, virtually all decisions on whether to provide services in-house or to contract out for service provision are made at the local level, and there is a great deal of variation throughout the state with regard to both the frequency and the types of services that are contracted out. In addition to employment and training services, local governments have contracted out for direct service delivery in a variety of areas, such as foster care, emergency services, translation services for immigrants, and specific child support establishment and collection activities. Monitoring and evaluating the overall cost and quality of contractors' work are the responsibility of the local districts. If a district intends to contract out for services, the relevant public workers' union whose members will be affected must be given 60 days' notice of the intention and must be permitted to bid on the contracts. Most contractors are nonprofit organizations. In general, New York City uses outside contracts for services more often than do local governments in the rest of the state.

Conclusion

New York has long demonstrated a strong commitment to meeting the needs of its low-income residents, as reflected in both its social welfare policies and the financial resources it has devoted to income, health, and social services for these families and their children. Because the state is obligated by its constitution to care for its needy population, New York's safety net system has consistently been among the most generous in the country. Although Governor Pataki has emphasized government efficiency and fiscal responsibility and pushed for reductions in state spending, the legislature has been reluctant to make any dramatic reductions in social welfare spending. Some of the governor's proposals for statewide welfare reform were enacted, but many were defeated in final negotiations, and the new state welfare system continues to reflect the tradition of ensuring support for low-income children and families. Public assistance benefit levels were not reduced and continue to rank among the highest in the nation. Unlike most other states, New York has elected to provide benefits to low-income families beyond the federally mandated five-year limit through its Safety Net Assistance program, which provides support to single adults and childless couples.

Historically, New York's county governments have wielded significant political power. Counties in New York, unlike most states, pay for half of the nonfederal share of AFDC/TANF costs and for half of the costs of SNA; consequently, policies and practices regarding the welfare population are a priority issue with county governments because of the local fiscal impact. The state has begun using block grants for distributing child welfare and child care funds to counties. While proposals to distribute welfare funds via block grant have been defeated, provisions in the new law do allow for more local flexibility in designing public assistance programs. As a result, the role of local governments in providing services to this population has become more significant.

Major long-standing tensions continue to exist between New York City and the rest of the state. The city believes that it contributes more to the state coffers than it receives in aid for schools, public health, and welfare. Upstate New York, on the other hand, feels that the city receives the lion's share of state resources because of its large low-income population.

As welfare reform moves forward in New York, these three themes—a strong safety net for low-income residents, the important role of local governments, and tensions between New York City and the rest of the state—will continue to shape social welfare policy.

Notes

1. U.S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census, *Statistical Abstract of the United States: 1997.*
2. Ibid.
3. New York State Health Department, *Vital Statistics of New York State 1994*, http://www.health.state.ny.us/nysdoh/vs94htm/table8.htm.
4. U.S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census, *Statistical Abstract of the United States: 1994–1996 (114th–116th editions).*
5. Ibid.
6. Citizen's Committee for Children of New York, *Keeping Track of New York City's Children*, New York, 1997.
7. Information in this section is taken in large part from J. Holahan, A. Evans, K. Liu, M. Sulvetta, K. Haslanger, and J. Cantor, *Health Policy for Low-Income People in New York*. (Washington, D.C.: The Urban Institute, 1997).
8. The constitution declares that "The aid, care and support of the needy are public concerns and shall be provided by the state and by such of its subdivisions, and in such manner and by such means as the legislature may from time to time determine."
9. State of New York, Office of the State Comptroller, Office of Fiscal Research and Policy Analysis, *Summary Report of New York: Spending by Major Service Functions, Receipts from Major Sources for the Year Ended March 31, 1997*. January 1997.
10. Section 153-I, Title 2, Article 5 of the New York State Social Services Law.
11. *A Message from Budget Director Patricia A. Woodworth*. January 21, 1997.
12. The New York City social services district encompasses five counties.
13. From the Council on Children and Families Web page, www.consumer.state.ny/ccf/head.htm. The Council on Children and Families is a state agency within the executive department. Its mission is to "ensure that all individuals and particularly children in New York State have the opportunity to reach their potential as well as to strengthen the integrity of families."
14. Sheila Zedlewski and Linda Giannarelli, *Diversity among State Welfare Programs: Implications for Reform*, New Federalism: Issues and Options for States, Series A, No. A-1 (Washington, D.C.: The Urban Institute, January 1997).
15. Task Force for Sensible Welfare Reform, *Welfare Policies for New York State*. June 4, 1997.
16. Cori E. Uccello and L. Jerome Gallagher, *General Assistance Programs: The State-Based Part of the Safety Net*, New Federalism: Issues and Options for States, Series A, No. A-4, (Washington, D.C.: The Urban Institute, 1997).
17. Cori E. Uccello, Heather R. McCallum, and L. Jerome Gallagher, *State General Assistance Programs: 1996* (Washington, D.C.: The Urban Institute, October 1996).
18. ACF data, 1997.
19. New York State DSS Social Statistics, February 11, 1997.
20. Governor's press release, November 17, 1996.
21. William L. Hamilton, Nancy R. Burstein, August J. Baker, Alison Earle, Stefanie Gluckman, Laura Peck, and Alan White, *The New York State Child Assistance Program: Five-Year Impacts, Costs and Benefits* (Cambridge, Mass.: Abt Associates, Inc., 1996).
22. NYS Workforce Development System, *Shaping a New Workforce Development System for New York State*. Briefing Paper No. 1, May 1, 1997.

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23. *Welfare Policies for New York State*, draft report by the Task Force for Sensible Welfare Reform, June 4, 1997.

24. NYATEP is a professional organization representing New York state's 33 JTPA Service Delivery Areas.

25. NYS Workforce Development System, *Shaping a New Workforce Development System for New York State*. Briefing Paper No. 1, May 1, 1997.

26. The information on the planning process is from the NYS Workforce Development System Web site, http://www.wdsny.org.

27. City Temporary Task Force on Child Care Funding, *Final Report*. January 1996.

28. For the Social Services Block Grant and State Low-Income Day Care programs, districts set their own income eligibility criteria within state specifications.

29. Office of the State Deputy Comptroller for New York City, *Child Care Services in New York City*. December 1997.

30. There was likely substantial overlap between the two lists.

31. Office of Oversight and Investigation, City Council Committee on General Welfare, *Oversight: The Agency for Child Development Child Care Voucher Expansion Program*. April 1997.

32. In New York City, licensing was handled by the city's Department of Health.

33. OES did not have any contracts with child care providers, but OES clients could be placed in ACD-funded slots.

34. Interviewees said that payment rates were sometimes equivalent.

35. A group family day care home cared for up to 14 children and had more than one provider. Certain child care centers, such as those operated by the Board of Education or a religious organization, were considered legally exempt and did not have to be licensed.

36. Child Care, Inc., *The Shortage of Day Care Subsidies for Low-Income Working Families*. August 1996.

37. Interviewees said that OES staff were required to provide clients with information about at least two regulated child care providers, but that OES often did not have such information, so clients simply chose friends or relatives.

38. Sixteen percent of children served by ACD were in family day care homes, compared with 5 percent of children served by OES.

39. In addition to interviews with officials and advocates in New York, some of the more detailed information in this section was drawn from *Compendium of Best Practices for the Child Support Enforcement Program* and *Child Support Accomplishments of the Pataki Administration* (unpublished memo dated January 13, 1997).

40. Although federal welfare reform legislation has eliminated a requirement that states pass the first $50 in monthly child support payments through to public assistance recipients, New York has opted to continue a reduced pass-through of $25.

41. The corresponding 1996 figures for public assistance and non-public-assistance clients respectively, are increases of 12 percent and 13 percent in the number of support orders established; increases of 4 percent and 17 percent in the dollar amount of child support collections; and increases of 18 percent and 26 percent in the number of paternities established.

42. Information in this section is taken in large part from J. Holahan, A. Evans, K. Liu, M. Sulvetta, K. Haslanger, and J. Cantor, *Health Policy for Low-Income People in New York* (Washington, D.C.: The Urban Institute, 1997).

43. New York State Department of Social Services, *Adolescent Pregnancy Prevention and Services Program Annual Report 1995*.

44. State-level observers said that another 25,000 adolescents benefited from program services but were not tracked in the APPS data system.

45. New York State Department of Social Services, *Adolescent Pregnancy Prevention and Services Program Annual Report 1995.*

46. Technically, social services districts are responsible for child welfare services. Each district is a county, except for the New York City district, which encompasses five counties.

47. State of New York, Office of the State Comptroller, Division of Management Audit, *Department of Social Services: Kinship Foster Care.* Report 95-S-106, November 22, 1996.

48. Michael R. Petit and Patrick A. Curtis, *Child Abuse and Neglect: A Look at the States. 1997 CWLA State Book* (Washington, D.C.: Child Welfare League of America Press, 1997).

49. Ibid.

50. New York State Department of Social Services, Office of Children and Family Services, Division of Services and Community Development, *New York State Managed Care Initiative for Child Welfare.* July 18, 1995.

51. This is not surprising, since few state contacts are likely to object to increased federal funding. Indeed, one observer remarked that "New York state maximizes every source of federal funds known to man. This is a nonpartisan, century-long tradition."

52. Article VII, No. 80, Memorandum of Support, 1995.

53. New York State Assembly, Committee on Children and Families, '95 Annual Report. State of New York, Office of the State Comptroller, Division of Management Audit, *Selected Aspects of the Foster Care Program.* 1996.

54. The Article VII, No. 80, Memorandum of Support states that "This bill is necessary to implement the 1995–96 Executive Budget, which assumes a reduction of $158 million in child welfare spending from 1995–96 projections."

55. New York State Department of Social Services, Office of Children and Family Services, Division of Services and Community Development, *New York State Managed Care Initiative for Child Welfare.* July 18, 1995.

56. Ibid.

57. F. Wulczyn, D. Zeidman, and A. Svirsky, "Home Rebuilders: A Family Reunification Demonstration Project." In *Child Welfare Research Review*, chapter 10 (New York: Columbia University Press, 1997).

58. Draft memo from Commissioner Croft, Child Welfare Administration, Human Resources Administration, City of New York to Workgroup on Managed Care. August 24, 1995.

59. *New York Times*, December 29, 1995.

60. State of New York, Commission of Investigations, *Secrets That Can Kill: Child Abuse Investigations in New York State.* December 1995, January 1996.

61. *Final Report of the New York State Child Abuse Commission, 1996.*

62. In addition to recommendations regarding disclosure and retention of information, the Governor's Commission suggested several other changes to New York's child welfare system to better protect children from abusive and neglectful parents.

63. New York State Department of Social Services, Division of Services and Community Development, *Child and Family Services Plan for New York State: Annual Progress and Services Report.* August 1996.

64. *New York Times*, January 12, 1996.

65. This amount does not include many federal sources such as Federal Emergency Management Agency relief and Veterans Administration initiatives. Coalition for the Homeless, *The Second Wave: The Looming Homeless Crisis in the Post-Entitlement Era* (New York: Author, undated).

66. As an example of this, advocates note that while funding through HUD's Notices of Funding Availability (SuperNOFA) has been cut dramatically (e.g., rental assistance subsidies have

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been cut in half), the mayor is not spending the city's full allocation for homeless singles (his funding requests to the state for these services underrepresent actual need).

67. Homeless people, victims of domestic violence, and intimidated witnesses are still able to get into Section 8 housing, but very few others have the same opportunity.

68. In describing the changes made in New York's welfare reform law, we have relied heavily on the State Communities Aid Association's *Quarterly*, Volume XII, No. 2 (summer), 1997.

69. H. Carl McCall, *Implications of Welfare Reform for New York City*. Paper prepared for the Community Services Society, October 23, 1996.

70. "Governor Pataki Replaces Welfare with 'NY Works.'" Press release, November 13, 1996.

71. Rent control in New York City was also a significant issue.

72. Raymond Hernandez, "Four Officials Break Ranks over Pataki Welfare Plan," *New York Times*, May 20, 1997, p. A-21.

73. The federal child care block grant and, therefore, New York's Child Care Block Grant do not include child care funds from Title XX of the Social Services Block Grant (SSBG). Under PRWORA, states continue to receive separate funds through SSBG.

74. *Governor's Program Bill Memorandum*, from the New York State Governor's Web site, www.state.ny.us/governor. The remainder of the block grant will be retained by the state "for the provision of child care to special groups and for activities to increase the capacity of the child care system."

75. Ibid.

76. Other eligible groups are Family Assistance recipients who need child care because the parent or caretaker is physically or mentally incapacitated or because family duties away from home necessitate the parent's or caretaker's absence.

77. State of New York, Office of the State Comptroller, Office of Fiscal Research and Policy Analysis, *The 1997–98 Budget: Fiscal Review and Analysis*. September 1997.

78. Social Services Block Grant funds, which are not included in the Child Care Block Grant, could only be used to purchase child care from regulated providers as well.

79. "Informal Child Care for Welfare Mothers Stirs Questions," *New York Times*, October 14, 1996, and interviews with state respondents.

80. Governor's press release, July 14, 1997.

81. Council on Children and Families, http://www.consumer.state.ny.us/ccf/current.htm.

82. March 1994 Current Population Survey.

83. This waiting period will likely be challenged on constitutional grounds.

84. Marjorie McHugh, testimony before the Assembly Committees on Ways and Means, Social Services, and Children and Families, January 23, 1997.

85. Ibid.

86. Michael E. Fix and Karen Tumlin, *Welfare Reform and the Devolution of Immigrant Policy*, New Federalism: Issues and Options for States, Series A, No. A-15 (Washington, D.C.: The Urban Institute, October 1997).

87. New York City will operate a food stamp replacement program; Erie and Ontario Counties have stated that they will not.

88. This requirement may be contested in court.

89. The New York Immigration Coalition, *Immigrant Eligibility for Medicaid and Health Care*, September 1997.

90. New York City Executive Order 124.

91. New York State Association of Counties and County Legislators and Supervisors, testimony before the New York State Assembly Standing Committee on Ways and Means, Assembly Standing Committee on Social Services, and Assembly Standing Committee on Children and Families regarding implementation of the federal reform legislation in New York state. January 14, 1997.

92. State of New York, Office of the State Comptroller, Office of Fiscal Research and Policy Analysis, *The 1997–98 Budget: Fiscal Review and Analysis*. September 1997.

93. *A Message from Budget Director Patricia A. Woodworth*. January 21, 1997, http://www.state.ny.us/dob.

94. For ranking purposes, local districts are grouped by size of combined AFDC and HR caseloads.

95. New York State Department of Social Services, *Performance Measures: First Quarterly Report*. September 1996.

96. Ellie Ward, *Assessing the New Federalism*, draft background paper.

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